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Friday December 7 1990

Western leaders seek clarification, vow to maintain pressure

Saddam orders freedom

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Business Summary

Bond charged UK insurance after probe into merchant lose \$5bn in bank collapse S&L claims

Alan Bond, one of Australia's best-known businessmen, was charged under the Western Australian Securities Code Address an investigation into the collapse of a merchant bank.

Mr Bond was released on bail of A\$100,000 (\$77,519). He said in a statement: "I am absolutely innocent of any wrongdoing, and the charge will be strenuously defended."

Nato nuclear pact US and Britain have dropped their objections to a so-called "third zero" under which Nato would abandon all its remaining ground-launched nuclear weapons based in Europe. Page 3

Soviet directors call Directors of 3,000 state enterprises are today set to demand that President Mikhail Gorbachev take tough action to tackle economic chaos in the Soviet Union. Page 20

French MPs resign Michel Noir, mayor of Lyon, quit parliament and the neo-Gaullist RPR party and called on others to follow suit, saying the French were fed up with political scandals and squabbling. Former health minister Michele Barzach, another prominent figure in the RPR also resigned. Page 3

Malaysia ex-PM dies Malaysia's first PM Tunku Abdul Rahman has died, aged 87. Obitmary, Page 6

Serbian poli cali

Yugoslavia's prime minister, Ante Markovic, has called on Serbia, the country's biggest republic, to vote for a new, pro-Europe Yugoslavia in next Sunday's elections which will mark the end to one-party Communist rule. Page 3

Cameroon's parliament has passed a law opening the door to multi-party politics and the end of 24 years of one-party

Afghan peace offer Afghan president Naiibullah has offered to hand over substantial control of the armed forces and the interior ministry to a commission composed of all opposition groups in an attempt to end the country's 12-year-old conflict.

More Bhutto charges A government court has filed an eighth corruption charge against former prime minister Benazir Bhutto despite her successor's promise of no more charges, an indian news report

Haiti bomb kilis 5 An explosion at a rally for a progressive Haitian Roman Catholic priest, Father Jean-Bertrand Aristide, running and injured 54, Haitlan radio

Italian air crash A blezing military aircraft crashed into a school in northern Italy killing 12 people and injuring more than 100, after

its trainee pilot ejected. IRA bombers jäiled Two Irish republican guerrillas were jailed for 30 years by a British court for plotting a bombing campaign on the

Top Bulgarian quits Bulgaria's main opposition leader Petar Beron stepped down after being accused of betraying dissident secrets to police during the Communist party's rule.

market could

BERIALS

The London insurance market

in Washington

could face losses of up to \$5bn as a result of claims linked

as a result of claims linked to the Savings and Loans crisis in the US, a leading firm of solicitors said.

In the US, regulators are put-ting together a bid to recover \$300m lost through alleged fraud, embezziement and negli-gence. Page 20

MARKETS: In Tokyo the Nik-kei closed up 359.38 at 22,552.10. In Frankfurt the DAX index rose above 1,500 for the first time in 10 weeks, closing 33.71 higher at 1,504.67. Paris gained 2 per cent, with the CAC 40 closing 33.08 higher at 1,693.52. Back Page Section II FORD of the US and Volkswa-

gen of Germany are expected to give the go-ahead for a joint vehicle development pro-gramme in Europe, which will include building a new assem-bly plant, most probably in Portugal, Page 21

GRAND Metropolitan, interna-tional food, drinks and retailing group, pushed up pre-tax profits by 25.5 per cent, from £732m (\$1.4bn) to £919m. Page 23: Lex, Page 20

FABRIQUE Nationale Herstal, Belgian light arms maker saved from liquidation, has left almost nothing in its long hoped for rescue plan for small shareholders. Page 21

GO-VIDEO, US manufacturer of video-tape recorders, filed an anti-trust suit against Matsushita in a bid to scuttle the Japanese electronics company's acquisition of MCA, Hollywood-based entertainment group. Page 6

HANSON, industrial conglonerate, reported record profits of £1.29bn (\$2.47bn) and is on the lookout for further acquisition opportunities as recession tightens its grip on companies in the US and UK. Page 21; Lex, Page 20

SOUTH AFRICA'S farmers face the prospect of severe drought unless good fains begin in the next fortuight. Commodities,

ITALY cleared the legislative path for fundamental changes in its securities industry. The lower house of parliament approved a law providing for the establishment and regula-tion of broadly based securities

MIDLAND Bank and Hong-kong and Shanghai Bank will not extend an agreement, limiting the Hongkong Bank to owning 14.9 per cent of Midland, when it expires in two weeks' time. Page 21

HONSHU PAPER, leading Japanese papermaker, has fluctuated on the Tokyo stock mar-ket on reports that the president of United Industrial Corporation, Singapore listed company, could take a signifi-cant stake. Page 24

BANK of New Zealand, financially troubled bank, won the support of its shareholders and those of the New Zealand gov-ernment and Fay Richwhite, merchant bank. Page 24

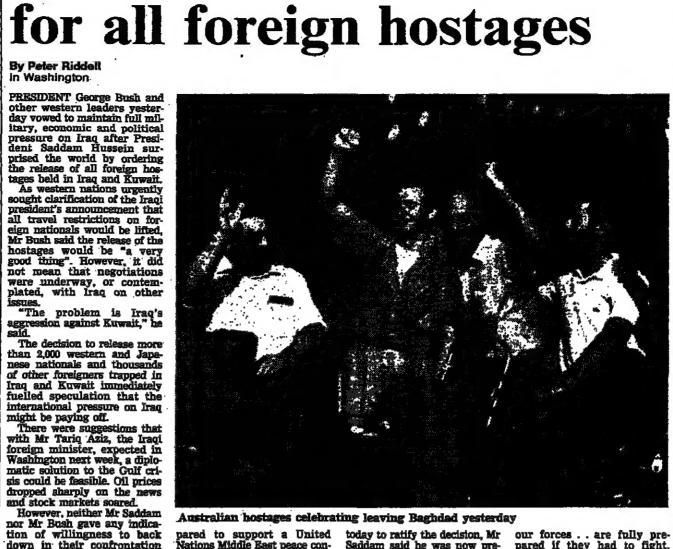
UK Department of Energy may be abolished after the next election, the prime minister hinted. Page 8

COMPAGNIE Générale d'Electricité, French telecommu tions and engineering group, and Fiat, Italian carmaker, formally sealed their wide-ranging exchange of share stakes and activities. Page 23

NORDBANKEN and Gota, two of Sweden's leading commercial banks, became the largest shareholders in Esselte, one of the world's main office supply producers. Page 23

BAYERISCHE Vereinsbank, Bavarian-based bank, reported increased partial operating profits for the first 10 months of 1990 despite spite of tricky trading conditions and considerable costs of expansion into east Germany. Page 26

33-35



Australian hostages celebrating leaving Baghdad yesterday

In a letter to Iraq's national

Logistical problems threaten to

delay any evacuation operation

straightforward for an interna-

By Jimmy Burns and Richard Evans in London

Nations Middle East peace conference embracing the Arab-Israeli dispute, with which Iraq has linked its occupation of Kuwait.

Today to ratify the decision, Mr Saddam said he was now prepared to release the hostages, which he had been holding as "human shields" to stave off attack, because his forces in

pared if they had to fight. Bush's call for negotiations so far bears for us the probabilities of aggression and war and troops are still massing." Continued on Page 20

ON OTHER PAGES ♦ Seeking a face saving way out ♦ Talks yes, but no deals ♦ Major responds with caution ♦ Congress-

THE RELEASE of hostages said it should also be relatively help but was still awaiting **♦** Editorial Comme

_Page 18 _Page 20 fusion......Page 36

♦ Saddam's move veakens US dollar -Page 44

World Stock Markets Back Page, Section II

Concessions break trade talks deadlock

By Peter Montagnon, William Dullforce and Tim Dickson

THE DEADLOCK was broken in the Uruguay Round of talks to reform the world trade sys-tem last night after the Euro-pean Community offered con-cessions on farm support and the US shifted its position on services such as banking, telecommunications and insur-

The breakthrough came just as ministers were about to sus-pend their four-year effort in an atmosphere of rancour. Instead the talks will now continue, possibly right into the

Despite the apparently insu-perable difficulties which have been dogging the talks this week, EC ministers refused to abandon the attempt to win a broad package of agreements to adapt the rules of the trad-ing system to modern day real-

ity.
"Some have been urging suspension. We are strongly against that," said Mr Peter Lilley, UK secretary of state for trade and industry. "There are signs of movement and we should profit from them."

Mr Mats Hellström, the Swedish farm minister announced that the deadlock had been broken on the central subject of agriculture where all participants in the talks were now prepared to discuss the need for specific commitments in the three separate areas of export subsidies, domestic assistance to farmers and the reduction of barriers to

imports.

The EC had previously been resolutely resisting such detailed commitments and officials last night declined to comment on their new

approach to agriculture.

Mr Lilley said, however, that
member states had given the
Commission leeway to explore
ways of making its original
offer to cut subsidies by 30 per cent "more attractive".

"Things are beginning to move. Ministers want to nego-tiate," said a spokesman for the General Agreement on Tar-iffs and Trade.

Delegates said that Mr Hells-tröm, who is chairing the agri-culture talks here had circulated a proposal under which cuts in farm support would start from next year using its level in 1990 as a base. Support would be cut by a total of 30 per cent over five years in each of the three separate areas. This proposal goes much fur-ther than the EC's offer to

Seldom

reduce farm supports over a longer period of 10 years with-

out making specific cuts in export subsidies.

It would also deprive the EC of the opportunity it has been seeking to raise tariffs on selected products such as oilseeds and corn gluten feed.

Speculation that a successful outcome was now at hand was

outcome was now at hand was premature, EC officials said.

♦ US U-turn on services removes crucial blockage · Community dogs that failed to barkPage 2 ♦ Shadow-boxers who almost missed the fight

.....Page 2 ♦ Farm trade row: the playersPage 2 ♦ Old feuds that may reemergePage 2 DEC farm concession wel-.....Page 2 ♦ ObserverPage 18

Community farm ministers were studying the compromise last night but farm lobbyists on the fringes of the meeting

voiced immediate dismay.

EC officials stressed the fact
that participants had agreed to
proceed with negotiations on
all outstanding issues without singling out agriculture.

Among the other advances made yesterday was an agreement that cuts in tariffs due to be implemented after the Round will be phased in over a five year period. Accords have also been reached on opening the \$1,700bn annual market in public procurement – or purchasing of goods and services by governments – and on a first package of reforms to Gatt's anti-dumping code.

The US also announced that it was prepared to see the principle of non-discrimination known as most-favoured-nation treatment applied to the liberalisation of trade in services

This would limit its right to take unilateral action against countries that refuse to open their markets to foreign service industries, but the US said it still attached importance to more open markets, especially in advanced developing coun tries, as a condition for final

EC officials indicated privately that this was still not sufficient to obtain a breakthrough in this area.

"It's got to be a very well orchestrated operation. There is no way 6,000 foreigners can descend on Baghdad airport. It flights out of Amman both to Europe and Asia, said last night that it had one jumbo on diplomatic bluff. would be chaos." standby at Heathrow to fly to the Gulf. Judging from the experience

of previous selective releases, British officials said they expected the Iraqi authorities at the very least to insist on submitting the hostages to visa procedures which could take

anything up to a week to proin theory, international airlines would need only 16 jumbo airliners to evacuate some

down in their confrontation over Iraq's annexation of Kuwait, which has brought the

Middle East to the brink of war in recent weeks. The US

administration was at pains to

promised by President Saddam

poses considerable logistical and bureaucratic problems

to resolve, diplomatic and air-

line officials indicated last

night.
It was unclear how the Iraqi government proposed to trans-

port hostages from the various

locations where they are held and in what sort of time scale.

But one airline official said:

6,000 civilians in groups of about 350. Transport officials

tional airline to file and receive an affirmative reply to its flight plan, seeking permission from the Iraqi authorities to enter their airspace and land. In practice, however, any big

airlift may require tortuous negotiations between Baghdad and the many countries who have nationals still trapped in the Gulf, western diplomats British Airways, which has previously flown several relief

We are just waiting to be

told where and when," an official said. The company added it was prepared to bear the costs of the flight for humanitarian

Another UK airline, Virgin Atlantic, which has also been involved in repatriation of some western hostages, said last night it was also ready to

more information from the British Foreign Office before making specific plans. "We would be delighted to

continue our support of the hostages, but until we have more details of numbers and the timing of their return, there is not much that we can do," a spokesman for the company said.

The hope of seeing friends and relations back home by Christmas was tempered by the fear that it might all be a

Mr Andy Charles, spokes-man for the UK Gulf Support Group, said last night: "We are cautiously optimistic and cautiously delighted, but we've had a lot of similar announcements in the past which have not borne fruit."

Mrs Linda Grant, whose husband Roy is a member of a British Airways cabin crew held hostage since August 2 said: "Roy is a survivor but I expect his reaction will be the same as mine - floods of tears.

Gulf hopes trigger markets boost

By Our Economics and Markets Staff in London

HOPES of a peaceful solution to the Gulf crisis sparked a rise in shares and bonds across in shares and bonds across Europe yesterday, while oil prices fell back sharply.

In London, the FT-SE 190 index closed at 2,177.5, up 24.9 on Wednesday night. Shares in Frankfurt ended the day more than 4 per cent up, while the Paris and Amsterdam bourses each saw earns of 2 per cent.

each saw gains of 2 per cent.

Hopes of a settlement were also reflected in the UK government bond market. The March long-gilt futures contract, an indicator of general price movements, was quoted at about 89%, up nearly a

Gains were, however, held

back by a cautious mood among traders. Mr Richard Jeffrey, director of economics at Hoare Govett, the London stockbroker, said considerable scepticism remained about the prospects for peace.

Mr Julian Simmonds, head

of currency sales at Citibank in London, said: "We are not out of the woods yet." In European trading, North Sea Brent oil for January delivery closed last night off \$2.70 at

Steeper declines earlier in the day were pared back after Mr James Baker, the US secre-tary of state, said the US was not backing any United Nations resolution calling for a Middle East peace conference.
On Wall Street, share price rises were relatively muted.
The Dow Jones Industrial Average was little changed at

On foreign exchange mar-kets, the dollar declined as dealers decided that the rea-sons for holding the currency, which is traditionally viewed as a safe haven in times of international tension, looked less valid.

In London, the pound gained about 1% cents against the US dollar, closing at \$1.9395. Against the D-Mark, it finished little changed at DM2.8900. Markets and currencies,

STOCK INDICES

2,177.5 (+24.9)

FT Ordinary: 1,717.9 (+28.3)

FT-A All-Share:

1,047.33 (+1.1%) New York lunchtic

2,615.84 (+5.44)

S&P Comp

330.62 (+0.7) Tokyo: Nikkei

has there been a better time to invest.

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Crisis management: Ticket to a safer ride ...12 two brands of nationalism IBM in Europe: Regrouping to widen its

Editorial Comments Linkage good and bad; Adapt now or pay later not a principle

Survey: Retailing Waiting for rain: Drought pushes S African farmers nearer the brink ...

28-32 16,17 ... 36 ... 44 ... 44 ... 18



Prime Minister Ante Markovic, pictured. left, is calling on 6.8m Serbians to vote for a new, pro-Europe Yugoslavia in next Sunday's elections. His appeal, however, is likely to fall on deaf **6818**

Intl. Capital Markets 37-39 -London Unit Trusts

New York: Comex Feb \$373.2 \$370.75 (373.75) N SEA OIL (Argus) \$26.10 (28.3) Chief price changes yesterday: Page 21

MARKETS

\$1.9395 (1.924)

DM2.89 (2.8875) FFr9.8 (9.7875)

SFr2 4675 (2,4675)

Y256.5 (258.75) £ index 93.6 (93.6)

STERLING

New York \$1,9367

OOLD

FFr5.0575 (5.0876) SFr1.2715 (1.282) Y132,25 (134,45) Tokyo close:Y134.05 Fed Funds 73 % 3-mo Treasury Bills: yield: 7.204% Long Bond: 10415 yield: 8.295%

DM1,4905 (1:5015)

DOLLAR

New York Is

DM1.49025

FFr5.0585

SFr1.272

Y132.25

22,553.1 (+359.38) LONDON MONEY closing 13提-13品%

*

Liffe long gilt future: Mar 89 12 (88 %)

Source: Micropal, 11/4/88 - 3/12/90, offer to bid.

Shadow-boxers who almost missed the real fight

TRADITION decrees that trade negotiations end in an all-night cri-

Decorum prevents ministers from actually punching each other when the going gets rough. But the test of stamina and brinkmanship required to survive an all-night crisis pro-vides a socially acceptable substitute for physical combat.

Yet it works normally only at the end of a negotiating session when it is needed to finally break the will of those resisting an agreement that is already in sight. The problem with this week's talks was that a crisis over agriculture was needed at the beginning of the week just to get the

serious talking started.
As the crisis developed on Tuesday and Wednesday, delegates, used to waiting to the end of the talks for the real crunch, refused to take it seriously. Strong words from all sides on the question of farm sup-port still looked like posturing and early deadlines were missed.

truth became clear as the talks teetered on the brink of suspension. It was more than just posturing. Positions on agriculture

appeared to be irreconcilable, but until last night there had never been any real negotiation which might have explored a possible way out of

The US and the Cairns group of 14 farm-exporting nations blamed the European Community whose ministerial council spent several sessions refusing to amend its position, accepting cuts of only 30 per cent in farm support and no specific com-mitments on export subsidies.

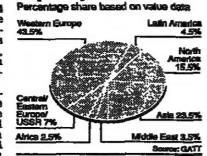
The EC farm spokesman had jaun-tily sported an emerald green badge city sported an emerand green badge inscribed with the words "I love CAP" (the Common Agricultural Policy). He said the US delegation was "in disarray" because it could not make the sacrifices needed for a deal to liberalise trade in services without losing the support of the US

Congress.

Behind this verbal sparring lay some serious institutional problems for the General Agreement on Tar-iffs and Trade. • The agenda set out in 391 close-

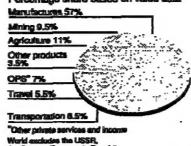
typed pages by negotiators in Geneva was too complicated for

Regional composition of world merchandise exports, 1989



cal grasp of ministers over the issues on which they were supposed to take decisions failed them at news confer

• The EC's flexibility is impaired by its cumbersome arrangements for consultation with member states while the Commission actually does the negotiating. The EC has con-stantly to consult back with its Composition of world trade, 1989 Percentage share based on value data



Council of Ministers and can too easily get involved in procedural wran-ging, for example over whether Mr Renato Ruggiero, Italy's trade minis-ter and chairman of the EC's council of trade ministers, should be allowed to participate in negotiating ses-

Some US officials say the council system means the EC is well-placed to negotiate internally, but out of its

the outside world.

 The US in turn is hampered by the legal requirement for the Bush Administration to consult at every twist and turn with its private sector advisers and with Congress. Its com-mand centre at the President Hotel was thronged with business execu-tives and with congressmen and their staffers. Surveying the break-fast room, one lawyer said it "was just like a high-school reunion". With each of these two delegations living virtually in a world of its own.

it was all too easy for them to forget the rest of the players. As at the mid-term review of the Uruguay Round in Montreal two years ago, however, it was Latin American however, it was Latin American countries which first talked openly about pulling the plug on the talks. Argentina and Brazil called openly on Wednesday night for suspension of the talks, but such had been the violence of the slanging match between the US and the EC that no

one had given much thought to what this would mean to the Round.

A crisis, which nobody had taken seriously enough at the beginning,

depth as soon as it has to deal with thus began to spin dangerously out the outside world. thus began to spin dangerously out of control. The situation was not helped by the total lack of chemistry between the key US and EC players.

Mrs Carla Hills, the unbending and forceful US Trade Representative, is regarded by many Europeans as an adversarial negotiator who takes any suggestion of concession as a personal affront. Mr Ray MacSharry, EC farm commissioner, is seen by the US as an inward-looking official, more concerned with his eventual future in Irish politics than the world trading system.

After the Montreal meeting was disrupted by the Latin American countries, most trade officials acknowledged the world of trade negotiation could never be quite the same again because developing nations could no longer be ignored.

This week's meeting suggests that lesson had almost been forgotten by the US and the EC in their obsession

> Peter Montagnon and William Dullforce

EC farm concession welcomed

MR Julius Katz, the deputy US trade representative, yesterday said last night's EC offer on agriculture trade reform was worth evaluating". The offer would open the European mar-ket, slash export subsidies and reduce internal farm supports by 30 per cent

According to US private sector representatives who were briefed by Mr Katz, the EC has agreed to use as a base year for calculations the year 1990. This was regarded as a significant concession. The previous EC offer, rejected by virtually every other Gatt member, would have used 1986 as a starting point and counted the 15 per cent in cuts in internal supports already made.
The new offer marks the

first time the EC has agreed to demands for market access and reductions of export subsidies used to dump surpluses in for-A US private sector represen-

tative in Brussels said confusion still reigned among advisers over the outcome of the talks. "It is the blind leading the blind," he said. "People are working diligently but they still don't know if consensus

There was no possibility of completing a legal text of agreements this week, he said. proposs) for another ministe. rial conference to be held early next year was being held in

reserve to push for as much progress as possible this week. Representatives of US services industries have shown increased flexibility on the EC demand that Most Favoured Nation's status be granted all nation's which sign on to the pact. However, they say they must get "adequate commitment" from several countries before they throw their sup-

port behind an accord.
In Washington, Mr Bill Reinsch, chief legislative assistant to the influential Senator John Heinz of Pennsylvania, has been following the Gatt and hoping for a modest pack-

and hoping for a modest pack-age of reforms.

"People who say Congress will only settle for a big deal are wrong," he said. "It would be better to get a small pack-age that involves incremental change in a lot of areas."

Industry groups have been growing increasingly con-cerned about US concessions on dumping, subsidies, govern-ment procurement and market access. "People are wondering if the costs will exceed the ben-

efits," he said.

Miss Jennifer Brick, a legislative aide with Senator Frank
Murkowski of Alaska, said the
senator still see a large package as "the optimum scenario." But with 37 senators on the record as opposed to fast-track approval, "they might be appeased by a smaller pack-

age."
Mr Reinsch predicted that
negotiators in Brussels "will
cobble something together and call it a brilliant success." Failure would not bring a protec-tionist response from Congress,

Wheat price index

Nancy Dunne

US U-turn on services removes crucial blockage

THE US yesterday removed a crucial blockage to the conclusion of an international agree-ment liberalising world trade in services by reversing its previous position in the Uruguay Round talks.

Mr Rufus Yerza, deputy US trade representative, said the US would accept the inclusion of a non-discrimination clause among the general principles of the agreement. Other delegates greeted the US move as an important breakthrough. Last month in Geneva, the US had brought talks on the Obn trade in services to a standstill by refusing to have Gatt's most-favoured-nation (MFN) clause written into the framework of the agreement. Under the principle of MFN, each signatory to the Gatt is obliged to apply to all other countries trade benefits

accorded to any one country. Washington claimed then that it already operated a lib-eral market and needed to retain its own instruments to prise open the more protected markets of other countries. Its move was understood to aim at compelling other countries to table firm commitments to liberalise their services in the

The Americans' stand was rejected by the European Com-munity, Japan and all other countries participating in the talks and became one of the most controversial items for trade ministers at this week's meeting in Brussels.

In reversing its position, Mr Yerxa said that the US was trying to get the services negotiations moving.

The new offer was condi-

tional on the US being allowed derogations from the MFN rule for a limited number of sectors, notably transport, and on the conclusion of substantive agreements, opening up mar-kets, being concluded with other countries before the end of the round.

Right or nine trading blocs, including the EC and Japan, representing 80 per cent of world trade in services had submitted initial liberalising commitments here in Brussels. The US wanted to achieve a "critical mass" of liberalisation

by gaining commitments from at least the newly industria-lised countries among the remaining 97 participants, Mr Yerxa said. Offers had to be turned into signed accords between governments, and no method for doing this had yet been agreed in the talks.

It would take several months to finalise the agreements, Mr Yerxa considered.

Washington is also reserving the right not to apply the pro-visions on financial services to other countries, if it deems that those countries have not made sufficient commitments to liberalisation. But, Mr Yerza said, the US did not expect all developing countries to sign up to the same level of commit-ments as the industrialised

In another potentially important development, US officials said Washington was examining its rules on foreign owner-ship of airlines. A loosening of restrictions could be envisaged.

William Dullforce and Peter Montagnon



Something to smile about: Battling US Trade Representative, Mrs Carla Hills, in Brussels yesterday

Community dogs that failed to bark

THE FIRST glimmer of hope emerged through the Brussels fog yesterday as the European Community finally indicated some flexibility on agriculture. But for the majority of disillu-sioned delegates and bemused onlookers the question was:

"Why did it take so long?"
The strength of the European farm lobby has been vividly illustrated over the past idly illustrated over the past few months. But expectations (or at least hopes) had been pinned on a clear change of tune from Chancellor Helmut Kohl following last weekend's election triumph, and on some prodding within the EC by the so-called liberal camp led by Britain and the Netherlands.

Both dogs, though, have conspicuously failed to bark in Brussels and important conclu-

Brussels and important conclusions can be drawn. One is that sions can be drawn. One is that the Bonn-Paris axis appears to be alive and well. The other is that Britain suddenly appears to be going out of its way to prove its European credentials. German adherence to the principles of the Common Agricultural Policy (CAP) was viv-idly confirmed during delibera-tions on farm reform in October. But there has been keen speculation that, once freed from election the con-straints, Mr Kohl would signal a willingness to make bigger farm sacrifices in the wider interests of international trade. But many now realise the Chancellor would not only lose considerable face at home for any sudden and public about-turn but cause wide-

spread dismay elsewhere in the EC. After all, Bonn's Commu-

nity partners took a relaxed view of German unification

earlier this year on the under-



Kohl: has changed his tune standing that Mr Kohl demonstrated his commitment to

Closer EC integration.

The behaviour of Mr John
Gummer, the UK's Farm Minister, has also been instructive.
In press briefings he has stoutly defended the principles of the CAP and reserved his most bitter criticism for US tactics. "It is not a proper way for the largest trading power in the world to be addressed by the second largest," he said yesterday in response to a transatiantic libe.

Mrs Carla Hills, the US Trade Representative, may have miscalculated in thinking have miscalculated in thinking Britain her best ally (at least when it comes to moving the EC from its 30 per cent offer).

British self-interest in the CAP has long been underestimated. But many yesterday saw Britain's new communautaire role not only as the sign of a new style from the new prime minister, but as a deliberate strategy ahead of this erate strategy ahead of this month's conference on economic and monetary union.

Tim Dickson

FARM TRADE ROW: THE PLAYERS

THE EUROPEAN COMMU-NITY has about 10m farmers plus 800,000 in the former East Germany. France is by far the biggest producer. EC share of world farm trade is about 17 per cent.

THE UNITED STATES has less than 2m farmers. Share of world farm trade, about 16

THE CAIRNS GROUP of 14 farm-exporting countries, including developed and less developed nations. Members: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malay-sia, New Zealand, Philipsia, New Zealand, Philip-pines, Thailand, Uruguay, Fiji. They have about 227m farmers. Share of world farm trade: about one third.

GATT TALKS: THE OTHER ISSUES TEXTILES - Third World

exporters want industrialised countries to phase out import restrictions on their textile and clothing products and bring the entire \$177bn a year trade under Gatt's free trade rules.

SAFEGUARDS - Some industrialised countries want safeguard measures, special tariffs or quotas, to curb

PATENTS - Differences persist over issues such as whether to grant patents to the party that is first to invent or first to file for a patent. INVESTMENT - The objec-

tive is to remove or modify government restrictions on foreign investments - auch as those requiring the use of locally-produced parts or setting aside of a specific share

British ambassador fears 'burst of protectionism'

BRITAIN'S ambassador to Bonn yesterday warned German businessmen of "a burst of protectionism with terrible consequences" unless a last-minute compromise was found at the Gatt trade

stalks.

Sir Christopher Mallaby told a meeting of Ruhr businessmen that excess EC agricultural spending represented "a scandalous waste of money".

Taking Germany to task for its refusal to make serious cuts in farm spending, he said: "It remains absurd to pay farmers to produce unwanted goods

to produce unwanted goods and to spend more on storing them."

them."
Sir Christopher stressed that constructing the Community, like motherhood. Yet surely

improving it and completing it was fundamental to Britain's foreign policy.

His speech came as German diplomats said they were searching for ways of improving Anglo-German ties after the tension of the last two years.

years.
Sir Christopher's speech was punctuated by unusually barbed remarks on Germany's policies on European Monetary

Union. Commenting on the lack of genuine public debate in Germany about the consequences of Emu, he said:
"People seem to assume that all proposals that claim to

one should think carefully about the momentous step of about the momentous step of abolishing the Deutschmark and replacing the Bundesbank by an international central bank with a different character."

Sir Christopher said that Emu would cause a painful loss of flexibility unless EC states first converged economically. He said the "hard Ecu" concept developed by the British Treasury – savaged in recent weeks by both the Bundesbank and Bonn ""econd state and "econd state and "eco Bonn - "could potentially have a powerful unifying effect on monetary policy in the Community as a whole".

David Marsh US and EC locked in expensive grain subsidy war

Jul/Dec 1986 = 1000 1120

THE subsidy war in the world grain markets looks set to continue as the big exporters bat-tle for a larger share of a shrinking market.

Faced with soaring production and falling prices, the United States and the European Community have become locked in a competition which neither is likely to win. They are paying higher and higher subsidies that the treasuries of neither side can afford to con-

The root of the problem lies with the transformation of the EC under the Common Agricultural Policy (CAP) from a net grain importer to the

world's second-biggest exporter after the US.

The CAP was designed to give grain farmers fair and good prices. But by the mid-1970s European farmers started to grow more grain than the continent consumed - and export restitutions were intro-

The restitutions bridge the gap between the price within the EC and the price that can be fetched on the world market. The US, alarmed by the growth in EC exports, started its own Export Enhancement Programme (EEP) with the size Programme (EEP) with the aim of winning back sales to of winning back sales to including Canada, Australia selected markets by offering an and Argentina have felt the

extra subsidy.

The effect of the two programmes has been to lower the world traded price of wheat to \$70 (£36.46) a tonne and less.
The lower the price, the bigger
the subsidy must be.
In September, EC restitution
levels were \$135 a tonne for

soft wheat and more than \$200 a tonne for hard wheat, while the US was paying on average \$46.90 a tonne on wheat to Egypt, compared with only \$9 a tonne in September 1989. While the US and the EC have been slugging it out dol-lar for dollar, other countries

squeeze. Canada, which the EC replaced as the number two exporter, has a record harvest this year — and might have to make deficiency payments of more than C\$1bn (£443m).

Canada is not alone this year in having a hig harvest. The International Wheat Council recently raised its estimate for 1990-91 grain production by 14m tonnes to 1.42bn tonnes. In the same report the IWC predicted that total grain trade was falling by 16m tonnes to

18im tonnes.

This is below the 1980 total world trade in grains of about 200m tonnes, according to Ms Maria Cappuccio, traded policy

co-ordinator at the UK's Grain and Feed Trade Association, who believes that a collapse in the Gatt talks will reduce trade even further.

Ms Cappuccio argues that despite the vast amounts of money poured into the export subsidy programmes - \$2bn by the &C and \$500m by the US the two giants have not dented each other's market

"It's such a waste of money in subsidies. We should be working to unlock the poten-tial Third World demand for grains," she said yesterday.

David Blackwell

Old feuds put aside may now re-emerge

MANY long-simmering trade feuds between the US and the European Community could reach boiling point if the nego-tiators in the Uruguay Round fail to agree.

In its 1990 report on foreign trade barriers, the US Trade Representative's office devotes 11 pages to alleged wrongs committed by the Community. These include high tariffs, sup-ports for coal production and markets closed to American telecommunications products.
Action has been delayed on many of these until completion

of the Round.

The dispute over support for Airbus by the governments of France, Germany, the UK and Spain remains a primary area of contention. The US Commerce Department says with-out subsidies no Airbus programmes would be viable With them, Airbus threatens the US aviation industry.

Most immediately, an out break of hostilities is likely over agriculture issues unre-solved by an accord under Gatt. The US is threatening sanctions over the failure of the two sides to renew a pact providing compensation for the loss of the US feed grain mar-kets when Spain joined the EC. For four years the EC made special provision for annual Spanish purchases of 2.3m tonnes of foreign feed grains. and feels no further payment is

The US wants the agreement extended another year or re-negotiated. The \$420m market is still lost, officials say, and continued compensa-

tion is merited. The EC's Third Country Meat Directive, which governs sanitary requirements for food imports, has slowly strangled American meat exports to the Community. Serious clashes might have occurred already if the US industry had not been pleasantly distracted by the brisk business it has been

doing in Asia. However, the EC cut-off of American pork imports on October 31 and the threatened final outrage. Without a settle-ment - and none seems in the offing - sanctions could come soon against a wide range of EC food exports. A failure of the Gatt to har-

pribern 1

A failure of the Gatt to harmonise food safety and health rules would also leave outstanding the fight over the EC's hormone ban. In response, the US imposed 100 per cent tariffs on Community agriculture imports valued at about \$97m, although duties against about \$4.3m worth were later removed in response to an interim agreement.

Warning signals are also flashing over decisions reached in the EC 1992 market integration exercise. The controversial Community Broadcast Direc-tive, which would reserve for European producers the majority of entertainment programming, is a prime candidate for further action under the Gatt.

The US Commerce Depart-

ment is also monitoring the impact of the EC programme of standards, testing and certification. Disagreement is outstanding over standards relat-ing to toys, furniture and medical devices.

An EC "Buy Europe" public procurement provision, which permits authorities to reject tenders with less than 50 per cent European content and grants a 3 per cent price prefer-

grants a 3 per cent price preference to European bids, is another area of conflict.

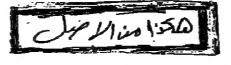
Also of concern in the US are directives covering EC intellec-tual property rights provisions and rules of origin.

Nancy Dunne

The Financial Times (Europe) Ltd.
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettsrasse 54, 6000 Frankfurt-ammain 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Danner, A.C. Miller, D.E.P. Palmer, London, Printer, Frankfurter Societaets-DruckereignbH, Frankfurt/Main, Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SEI 9HL, The Financial Times Ltd. 1990.

Registered office: Number One, Southwark Bridge, London SEI 9HL, Cottpany incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Lamited, Publishing director: B. Hughes. 168 Ruc de Rivoli, 75044 Paris Coder. 01. Tei: (01) 4297 0621; Par.: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 39100 Roobaix Cedex I. ISSN: 15SN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandlanvia) Ontergade 44, DK-1100 Copenhagen-K., Denmark, Telephone (33) 13 44 41, Fax (33) 935335,



way for

reforms

securities

By John Wyles in Rome

THE LEGISLATIVE path was

The law, which has to be

approved by the Senate, provides for a transition period to

the end of 1992 leading to the creation of so-called Societa di Intermediazione Mobiliare

(SIM). These will be companies specialising in securities trad-

ing but also able to participate in bond issues, underwriting

and fund management.

A key part of Italy's strategy for modernising its stock market, the legislation establishes

dual capacity dealers author-ised to undertake broker com-missions on behalf of clients

and also to transact business

They will be required to trade exclusively through SIMs on the stock market where all

transactions will be concentrated; at present about 70 percent of business is done outside the exchange.

Existing brokers, whose represelves a contract trading

monopoly of equities trading will be broken, are covered by a protective requirement that will require an SIM to operate

with an established broker dur-

ing the transition period. The new rules lay down that SIMs should be joint stock compa-

nies or partnerships with share capital open to Italian and for-eign banks, brokers and indus-trial companies.

Italian banks, now heavily

involved in stock market

operations, are expected to be the creators of at least half the

estimated 60 SIMs which experts think are likely to be established.

The SIMs will be regulated

by the Bank of Italy and the

Consob, the stock exchange

regulatory authority.

The law should go some way

to placate the broking commu-nity, whose dealers and other staff have staged a series of

strikes in protest at the length of its itinerary through parlia-ment and at the government's

quite separate move to impose a capital gains tax.

on their own account.

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DAY DEL FMRER

EUROPEAN NEWS

Italy clears | Objection dropped to elimination of Nato's ground-launched missiles

US and UK change nuclear stance

THE UNITED STATES and Britain have dropped their objections to a so-called "third zero" under which Nato would abandon all its remaining The Lightschild path was cleared yesterday for fundamental changes in Italy's secnrities industry. The lower house of parliament finally approved a law providing for the establishment and regulation of broadly-based securities houses. ground-launched nuclear weapons based in Europe.

This means that Nato nuclear deterrents, below the level of intercontinental strategic arms, will concentrate on planned new missiles that can be launched from 'dual capable" aircraft.

The third zero involves elimination of ground-launched weapons with ranges of less than 500km (short-range missiles and battlefield artillery shells). Two categories of missiles with ranges between 500km and 5,500km were banned under the 1987 Intermediate Nuclear Forces treaty between the US and the Soviet

Remaining land-based weap-ons are due to be the subject of further US-Soviet negotiations starting next year. Officials at Nato said a mandate for the talks might be agreed by allied foreign ministers later this month.

The proposed "third zero" would not cover weapons in France's nuclear arsenal, which includes both intermediate-range and short-range landbased missiles. However, the French government is independently reviewing the structure of its nuclear forces.

Under Mrs Margaret Thatcher's prime ministership, Britain took a strong line on

third zero. At a hard-fought summit 18 months ago, it only reluctantly agreed to the prin-ciple of negotiations being held

Up to this summer, the UK continued to argue for main-taining some ground-launched nuclear weapons until mem-bers had committed themselves to the new air-launched missiles.

The US in recent months has been ambiguous on the issue of how far reductions should go. British officials said yester-day that there was no longer any division between the US and British position and that of Bonn, which has argued for removal of the weapons, most of which are fielded on German

territory. Nato has already shelved plans to replace its current short-range missiles.

Defence ministers in Nato's nuclear planning group are today due to review progress on re-assessing Nato's nuclear requirements in the aftermath requirements in the aftermath of the cold war. The future size of Nato's nuclear stockpile is expected to be determined next spring, but officials are still avoiding seeking public commitments from allies on the sensitive issue of where the new sir-launched weapons will be based.

Nato is estimated to have about 4,000 nuclear warheads in Europe, on shells, missiles, bombs and depth charges, excluding French weapons and arms deployed at sea.



Gaullists disturbed by resignation of rising young stars

By lan Davidson in Paris

FRANCE'S FRANCE'S leading conservative opposition party, the Gaullist RPR movement, has been shaken by the abrupt resignation, from the party and from their parliamentary seats, of two of its leading young

Mr Michel Noir, 46-year-old mayor of Lyon and a former trade minister, and Ms Michele trade minister, and Ms Michele Barzach, 47-year-old Paris deputy and former junior social affairs minister, both abruptly announced their resignations yesterday. Their resignation statements were strongly critical of the Gaullist party and the state of French politics.

Denouncing the "sickness" of France, Mr Noir condemned the "mediocrity of the behaviour" of the Gaullist party leadership.

He called on other politicians to follow his example, in a "vast national uprising" against the sacrifice of national interests to party

political "games".

His appeal was answered within hours by the resignation of Ms Michele Barzach. The resignations come one day after the Gaullists adopted a new European policy marked by an emphatic return to the party's historic hostility to the federal ambitions of the Com-

entirely coincidental, however. Mr Noir has been thinking of leaving the party for some

His departure is primarily in protest at the apparently irre-movable party leadership of Mr Jacques Chirac, and the man-oeuvres between the latter and Mr Valéry Giscard d'Estaing, leader of the centre-right UDF grouping.

Mr Noir rose to national stardom last year, when he won a sensational victory in the March local elections and captured the town hall of Lyon, France's second city.

Since then he has, on several occasions, attempted to mount a challenge to the Gaullist party's old guard, by mobilising like-minded reforming conservatives, both within the Gaullist party and in the UDF.

His first initiative came in the spring of last year, when he tried to field a list of young conservative candidates in the 1989 European Parliament elec-tions; the attempt was crushed by the apparatus of the Gaull-ist hierarchy, and the young reformers were scattered.

Earlier this year, Mr Noir launched a new reforming group, called United France, which included young conser-vatives from the Gaullist move-

France acts to improve deprived urban areas

By William Dawkins

THE French government has launched fresh plans to tackle the social and economic problems of deprived suburbs, in an attempt to prevent a repeat of recent riots, the worst in France for nine years.

It aims to transfer FFr2.2bn

(£220m) of state grants away from rich urban areas to poor ones over the next two years, and will shortly create its first minister specifically responsi-ble for urban problems, accord-ing to Mr Michel Rocard, the

prime minister.

The move is important not just a cause it shows the seriousness with which the Socialist government views urban

deprivation.

It is also one of the clearest signs yet that the government is rethinking some of the decentralisation which it has encouraged in recent years.

In another advance for cen-tral control, the government has just appointed a close senior adviser of President François Mitterrand, Mr Christian Sautter - a loyal Socialist - as Its administrative chief in the mainly right-wing lie-de-France, the country's largest

region.
Mr Rocard is planning to re-allocate FFr700m of grants due to the richest communes, the equivalent of British town

councils, next year, rising to around FFr1.5bn in 1991. This is on top of the FFr4bn the government had already earmarked for next year for its

existing urban programmes.

The government also plans to table a law early next year to encourage the creation of more cheap housing, and to

send more top civil servants to local authorities.

The beneficiaries will be 400 areas certified as being danger-ously poor, with high rates of unemployment and immigra-

The immediate trigger for the government's concern came with the outbreak of vio-lence two months ago in a Lyons suburb, followed last month by another riot near Paris. These intensified government fears that it is failing to foster the Socialist values supposed to keep it in power.

Concern about vanishing arms

NATO DEFENCE ministers yesterday voiced worries about the reduced amount of Soviet military equipment scheduled for destruction under the Con-ventional Forces in Europe-treaty signed with the Warsaw Pact last month. terday voiced worries about

Mr Tom King, Britain's defence secretary, said there was "great concern" whether the treaty process was going forward with "the degree of control and accuracy that was intended". Latest Nato calculations about their prop Spring tions show that more Soviet

tanks, armoured vehicles, artil-lery guns and rocket launchers have been moved east of the Ural mountains and out of the treaty area (thereby avoiding destruction) than the total numbers that Nato will be allowed to field in Europe

under the treaty terms.
The transfers involve almost 78,000 of these army weapons and some 800 combat aircraft. As a result, the Soviet Union weapon holdings than had

Mr King said it was "a mat-ter of some urgency" for Nato to draw up its new post-cold war military strategy. Uncertainties and instabilities in eastern Europe and the Soviet Union made it important for Nato to maintain a "relevant, flexible defence structure," be

operational strategy is due to be completed next spring, but officials said it would take much longer to implement the new policies.

Serbs face choice between two brands of nationalism

By Laura Silber in Beigrade

YUGOSLAVIA'S Prime Minister, Mr Ante Markovic, has called on Serbia, the country's biggest republic, to vote for a new, pro-Europe Yugoslavia in next Sunday's elections which will mark the end to one-party Communist

rule.
"It is not necessary to destroy Yngoslavia in order to get the chance to rule...but to build on reforms to to rule... but to build on resorms to compose a new Yugoalavia which will stay together and join Europe," Mr Markovic told a packed auditorium on Wednesday night.

However, his appeal is likely to go unheeded by most of Serbia's 6.8m voters in elections which pit nationalists agrirest Communicity.

Communist (renamed Socialist) party, and its leader Mr Slobodan Milosevic, or the far right-wing Movement for or the lar right-wing seovement for Serbian Renewal party, led by Mr Vuk Draskovic. This party is seen as the only one capable of ousting the Com-munists after their unbroken 50-year hold over Serbia.

The campaign, in which 52 parties are competing for the presidency and the parliament, has failed to address economic issues despite the fact that the republic's heavily-subsidised induction of the particular levistrally heavily-subsidised. industry is virtually bankrupt and the budget deficit was increased in order

to buy votes. Mr Milosevic - ahead of Mr Dras-kovic in the latest polls - is expected ists against Communists. kovic in the latest polls — is expected serbia must choose between the to gain support from Communists,

from workers who fear that a market economy will leave them without jobs, and from those who fear a vic-tory for Mr Draskovic will lead the republic into civil war. Mr Draskovic has said he would re-draw Serbia's hardens to include perts of neighborn.

borders to include parts of neighbour-ing Croatia and Bosnia-Hercegovina. Mr Milosevic came to power in 1967 by promising that his brand of nation-alist communism would restore Serbia's injured pride. Serbs harbour deep grievances that their political role in the Yugoslav federation was stunted under President Tito - precisely in order to contain the republic's territorial ambitions.

Moreover, Mr Milosevic won great popularity as the first leader who

promised to shake up the ossified and promised to shake up the ossified and privileged party bureaucracy, to restore Serbia's authority over the two provinces of Kosovo and Vojvodina, and to take up the plight of the 200,000 Serbian minority in Kosovo, where Albanians are a majority. Serbs have repeatedly accused the Albanian majority of discriminating against the Serbian minority.

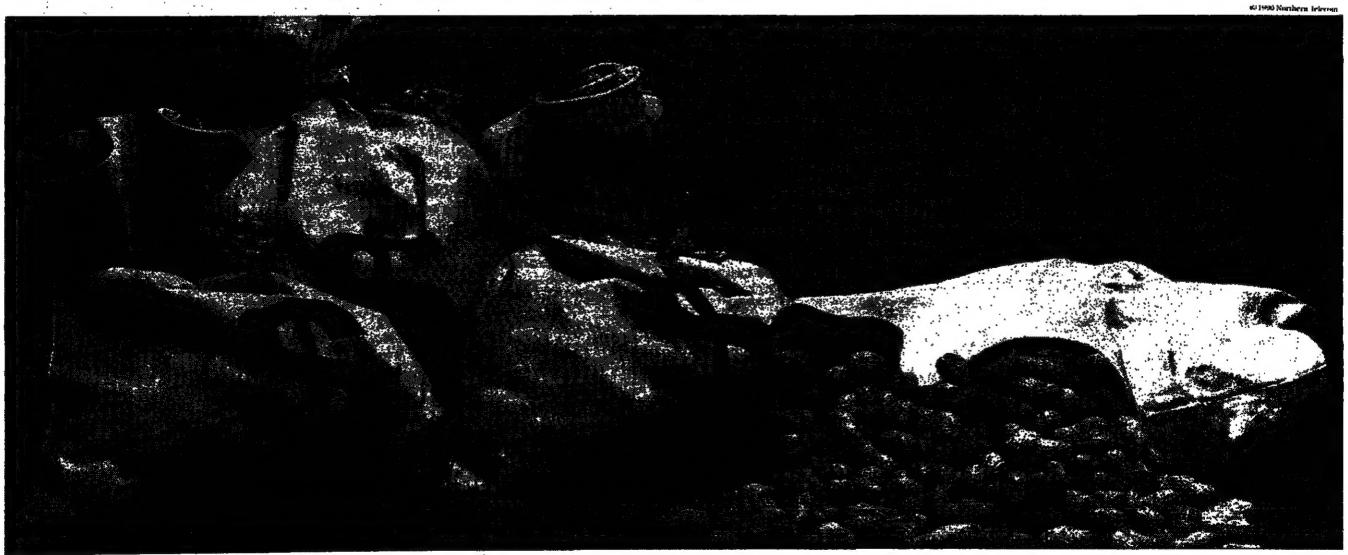
Serbian minority.

But the costs of Mr Milosevic's policies have been high. Scores of ethnic Albanians in Kosovo have been killed during protests against Serbia's foreible reintegration of the province into Serbia Serbiators is the recomment. Serbia. So intense is the resentment towards Mr Milosevic's control over the province that the L&m Albanians have decided to boycott the elections.

The parties representing the 400,000 Hungarians and the non-Serblan minorities in the northern province of Vojvodina, which was also reinte-grated into Serbia, have managed to form a united platform against the

On the eve of the elections, Serbin is now isolated from Yugoslavia's western republics and condemned by the western governments because of human rights violations in Kosovo. But ironically, by encouraging nationalism, the Communists of Serbia can be credited for catapulting Yugoslavia into a new era fraught with uncer-tainties about its ability to remain a

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THE GULF

Hostage gesture points to search for face-saving way out for Saddam

PLO's information department in

Tunis, said yesterday he saw little

new in qualified US support for

new in qualified US support for such a meeting. He noted that the US had previously used the terms "properly structured" and "at the appropriate time" in reference to the proposed peace conference, but remarked: "At the appropriate time means at a time the Americans choose. Properly structured means excluding the PLO on an equal foot-ing.".

By Tony Walker in Dhahran and Lamis Andoni in Amman

PRESIDENT Saddam Hussein's the Arab-Israeli conflict. decision to free all western and Japanese hostages tends to confirm what has been whispered in Middle East capitals for the past several weeks – that the Iraqi leader is seeking a face-saving way out of the predicament he finds himself in over Kuwait. Mr Saddam's gesture is widely

seen as an attempt to improve the climate ahead of talks in Baghdad later this month with Mr James

Baker, the US secretary of state.

The Iraqi leader appears to have timed his decision so that the hostage issue will not obstruct his apparent strategy of transforming talks with the Americans entering talks with the Americans entering first phase of negotiations covering all the region's problems, including

Mr Saddam secured the support of his main allies for his strategy at a meeting in Baghdad earlier this week attended by King Hussein of Jordan, Mr Yassir Arafat, the Palestine Liberation Organisation chairman, and Mr Ali Salem al-Baidh,

Yemen's vice president.

The trio have promised to rally Arab support behind Iraq's negotiating position, while Mr Saddam is believed to have pledged that he will insist that the Palestinian question will too bis over agenda in tion will top his own agenda in talks with Washington.

The Iraqi leader is reliably reported to have told his allies that he would accept a compromise on Kuwait if the US were prepared to endorse the idea of holding an international peace conference on the Middle East. President Saddam is expected to up the ante by demanding that a date be set for such a

PLO officials fear that the UN could approve a resolution suggest-ing such a conference, but in a vague resolution which would pre-empt Iraqi demands for a fuller US commitment while holding up a peace process in the Middle East. The officials also believe that the US could allow a resolution to pass which would suggest a conference, but one which would fall short of satisfying Palestinian and Iraqi demands for a clear commitment to a meeting in which the PLO would

Mr Jamil Hilai, director of the

ing.".
Washington, according to Iraqi
and Palestinian officials, is trying to
shore up the alliance against Baghdad by preventing a potential rift among them over the Palestinian issue, particularly since the Soviet Union and - particularly - France have been pushing for a settlement

of Israeli-Arab conflict.

However, whatever diplomatic movement the hostages' release may have set in motion, western and Arab officials caution against expecting any quick and dramatic progress towards a peaceful resolution of the crisis.

While Mr Baker indicated in statements this week to congression. of Israeli-Arab conflict.

statements this week to congressional leaders that, if Mr Saddam with-draws totally from Kuwait, the US would not attack his forces inside Iraq, there was no corresponding commitment to ease economic pres-

Mr Saddam would no doubt seek undertakings about the removal of the stranglehold on Iraq before withdrawing from Kuwait, but equally the US and its allies can

hardly afford to allow the Iraqi leader to emerge from the crisis

without penalty.

If war is avoided, and this is by no means certain, the West is likely to find itself involved in a "several stage process" including first the liberation of Kuwait and restoration of the legitimate government, followed by steps towards setting in place regional security arrange-ments to prevent a fresh crisis erupting - each step corresponding to demands contained in the 12 UN resolutions so far passed since the

crisis began. A French formula, advanced as far back as August, might emerge as the basis for a comprehensive settlement. France envisaged then moves to convene a peace conference to deal with regional disputes. including the Palestine question, to be followed by a process of disarma-ment throughout the Middle East. But officials acknowledge these

But officials acknowledge these are highly complex, interlocking aims and that the Middle East is unlikely ever to lend itself to neat solutions of its many problems. They also believe that Mr Saddam will engage in a process of brinkmanship to the bitter end.

There is, they say, plenty of scope for things to go wrong in a region where the worst case scenario often seems to prevail. But, as one Western ambassador said: "Once the two sides (Iraq and the US) are engaged

sides (Iraq and the US) are engaged in talks, the pressure to keep talking will remain strong

Talks yes, but no deals, says Washington

By Peter Riddell, US Editor, in Washington

THE BUSH administration is still hoping for a peaceful solution to the Gulf crisis, but it is not prepared to accept a negotiated compromise

Just as Washington was never gripped by war fever in the first two months of the crisis, so now the White House is taking a sceptical view about all the talk of deals. President George Bush

made clear late yesterday in Santiago, the Chilean capital, that while there were diplomatic contacts between the United States and Iraq, there were "no secret negotiations, direct or indirect, with Iraq over this question (the Guir crisis) - none, and there will be none."

For the past week, since the UN Security Council resolution authorising the use of force was approved and the US pro-posed direct talks with Baghdad, there has been much spec-ulation about whether Washington is seeking to offer President Saddam Hussein a

way out. Added to this is the reputation of Mr James Baker, the US Secretary of State, as a deal

In public, the administration has been uncompromising, ruling out negotiations either on the UN resolutions (insisting full compliance) or on related matters such as the Palestinian question or Leba-non. It believes that only by credibly threatening force is withdrawal and a peaceful

solution likely. The stated aim especially of Mr Baker's proposed visit to Baghdad is to put over the stark message to President Saddam that either he complies with the UN resolutions or else he faces mittary action.

That in part reflects discussions

That in part reflects discussions by the foreign ministers of the five permanent represen-tatives held in New York after the resolution was passed on

They apparently agreed that the Iraqi leader had not so far appreciated the unity of the international coalition and it would be desirable to convey

that message directly.
Yet US officials were aware from the start that the proposal of direct talks risked Baghdad trying to embroil Washington in complex negotiations. That is may the US. public line has been so firm and speculation about private signals has immediately been

Indeed, the Bush administration interpreted yesterday's announcement on the release of hostages as a sign that its strategy was succeeding rather

the international coalition,

He remarked that the carrot was that "if he gets out he doesn't get the stick". Implic-itly, therefore, President Saddam can remain in power,

Insisting that Iraqi aggression must not be rewarded, the US has ruled out partial solu-tions, such as withdrawal from only some of Kuwait.

Kuwait about access to the Gulf and the oil field on their borders could be dealt with bilaterally after total with-drawal, and then only if the restored Kuwalti government

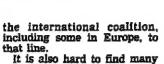
international community will have to deal with the problem of Iraq's military machine, its possession of chemical weap-ons and its nuclear programme through a continued arms embargo, further sanctions and non-proliferation agreements. This is not tough enough for the minority in the US who believe such issues must be

The US has been cautious about offering any fig leaf to Iraq on broader Middle Eastern questions. Mr Bush yesterday again ruled out any linkage between the Gulf crisis and the Arab/Erzali dispute

has done is to repeat its belief that once the immediate crisis is over there will be an urgent need to make a further effort to deal with the Palestinian question. But it is not prepared to make any prior commit-

ments.
Similarly, there was some confusion early yesterday about reports that the US was backing a Security Council draft resolution calling for a Middle East peace conference.
Mr Baker quickly made clear that, while the US believed "an international conference, properly structured, at an approprierly structured, at an appropri-ate time, might be useful", it was not now recommending such a conference, nor support-ing a UN resolution to convene

any reference to an immediate conference since it does not



It is also hard to find many private signals of reassurance for Iraq. Mr Baker has merely said that Iraq's only "reward" for complying with UN resolu-tions would be that the US and its allies would not attack - which would not have happened anyway in these circum-

Disputes between Iraq and

wants to do so.

Moreover, the US has said
that, even if Iraq complies fully
with the UN resolutions, the

Arab/Israeli dispute.

All that the administration

such a conference.

The US is seeking to amend the draft resolution to avoid than the start of a process of bargaining.

However, it may be more difficult to hold other members of



to the early adoption by the Security Council of a resolu-tion recommending that an international Middle East peace conference be convened at an unspecified date. That, at least, was the impression left by a number of western officials, in spite of an official denial by the US. According to earlier reports, ambassadors of the five perma-

INTENSE diplomatic manoeuvres at the United

Nations yesterday could lead

nent members of the Security Council had reached agree-ment on the terms of such a resolution, which would sati-sfy, at least in principle, one of Iraqi President Saddam Hussein's main conditions for

withdrawing from Kuwait. Mr James Baker, the US sec-retary of state, in testimony to the House of Representatives Foreign Affairs Committee, later denied that the US would support such a resolution which, he said, would undermine Washington's consistent refusal to link the Gulf crisis with the Arab-Istaeli dispute.

"This is certainly not an

appropriate time for an inter-national conference," be said.

Other officials, however, stressed that US refusal to back the resolution did not necessarily mean that Washington would veto it. Indeed Mr Baker, while denying that there had been any shift in US policy regarding a Middle East peace conference, stressed that Washington had long adopted the position that an internathe position that an international conference, "properly

structured" and at "an appro-priate time," might be useful. The confusion about the US position had come about following reports that the nonaligned countries - Colombia, Cuba, Malaysia and Yemen - had agreed to include a mention of the conference in a

UN edges towards call for

Mideast peace conference

By Robert Mauthner in London, Quentin Peel in Moscow and George Graham in Paris

milder text proposed by the US on the Israeli-occupied territo-Though the US did not want to support the revised draft, it appeared anxious not to veto it because that might upset the alliance forged with a number of Arab states in response to iraq's invasion of Kuwait. Intense negotiations on a

compromise text were continuing yesterday. A Security Council meeting to discuss the resolution was postponed until

today.

A UN Security Council call for an international Middle East peace conference would certainly be in line with both Soviet and French policy, and might well have been a condimight well have been a condition of Soviet support for the US-sponsored resolution allowing the use of force against Iraq, if it did not withdraw from Kuwait by January 15.

From the beginning of the crisis, President Mikhail Gorbachev and Mr Eduard Shevardnadze, his forcign minister.

nadze, his foreign minister, have put greater public empha-sis than the west on the need to negotiate a comprehensive Middle East peace settlement, including the summoning of an international conference.

Though Mr Shevardnadze has been at pains to reject direct linkage of a peace con-ference to the Iraqi invasion of Kuwait, he has stressed that stepping up the pressure to hold such a conference would make a Gulf solution easier.

Mr Gorbachev and Mr Shev-ardnadze gave Mr Tariq Aziz, the Iraqi foreigu minister, a rough ride when he came to Moscow last week, to counter any suggestion that Moscow was less than wholcheartedly supporting the allies' insis-tence on Iraqi withdrawal from Kuwait. But the pressure on

the US for a peace conference has remained constant. France, too, has taken an nctive part in urging the five permanent members of the Security Council to consider the issue on the basis of the draft resolution sponsored by

the non-aligned members.
Earlier this week, Mr Roland
Dumas, the French foreign
minister, said it was "indispensable" for the international community to consider a global settlement one day for all the crises in the Middle East. He has, however, insisted that the Gulf crisis must be settled by the full implementa-tion by Iraq of all the relevant Security Council resolutions before the other Middle Eastern conflicts can be discussed. President François Mitter-

rand caused an international stir when he told the UN General Assembly in September that "everything would become possible" once President Sad-dam had made it clear he was willing to withdraw from Kuwait.

Congressmen make their doubts clear Israel worried by

ferguson

eloquent and emotional, at one point apologising for getting worked up, when he warned Mr James Baker, the US secretary of state, at a hearing of the Senate Foreign Relations committee, that the build-up of committee, that the build-up of US forces in the region "almost takes you irresistibly down the path of going to war. I cannot say to a family that loses a son or a daughter in a conflict that may well take place in 60 or 90 days that we exhausted every possibility for a peaceful solution before this happened because the sanctions option has not been exhausted."

The bipartisan coalition of support for President George Bush's Gulf policy which existed up to early November has fractured.

has fractured.
Senator Sarbanes's doubts
have been echoed by most Democratic senators and House members (including such influential, mainstream figures as Senator Sam Nunn, the chairman of the Senate

DEMOCRATIC Senator Paul
Sarbanes from Maryland has a reputation as a quiet, earnest figure, certainly no oratorical star of the Senate.
But on Wednesday he was placuated and competional at one

Most Democrats are worried that the combination of the near-doubling of the US military build-up, last week's United Nations resolution authorising the use of force, and the increasingly impatient statements of the Bush administration have put the US on a course for war early in the new wars unless far counties fully year unless Iraq complies fully with the UN resolutions.

with the UN resolutions.

The resulting criticisms mean that the US does not speak with one voice, as Mr Bush would obviously like, and this undoubtedly undermines the credibility of the administration's threat to use force.

Indeed, there is a marked contrast between the unusual contrast between the unusually wide international support for the US position - at least for the threat of force, if not its actual use - and the deep divi-sions within the US about mili-

Parallels are inevitably being drawn with the Vietnam war, but this time only a tiny

minority dispute the goal. As Congressman Les Aspin, the Democratic chairman of the House Armed Services Committee, pointed out, "the country is united on ends but

divided on means".

Over the past 10 days there has been an absorbing public debate in the US about Gulf policy with every kind of current or former official and Middle East expert testifying before a series of congressional committees in nationally telecommittees in nationally tele-vised hearings. In spite of the tough line advocated by Dr Henry Kissinger, the former Secretary of State, the weight of evidence has gone against the administration – urging

the administration - urging persistence with sanctions and caution about using force.

Particular Congressional doubts have focused on:

Whether sanctions are working, Most Democrats believe they are having an impact on Iraq's economy, seizing on the evidence of Mr William Webster, the director of the Central Intelligence Agency, that the trade embargo was shutting off more than 90 per cent of Iraq's imports and 97 per cent of its

exports and will have a growing impact on the Iraqi armed forces by next summer. Democratic Senator Joe Biden has accused the administration of "abandoning" its previous policy of letting sanctions put pressure on Baghdad.

Septicism about whether weiting would risk splitting

waiting would risk splitting the international coalition, as Mr Baker has warned. Senator Claiborne Pell, Democratic chairman of the Senate For-eign Relations committee, said the administration's rationale for urgency was "disturbing".

Concern that Saudi Arabia and other Gulf states which have benefited from the rise in the oil price are not doing

more to compensate Turkey, Egypt and eastern European states badly hit by sanctions and economic disruption.

Widely held objections, both by Democrats and Republicans, that the US is having to bear a disproportionate share of the burden in terms of ground. burden in terms of ground forces and potential casualties. Senator Pell commented that
"our UN allies are more than
willing to fight to the last
American," a view repeated by
several leading Republicans.

prospect of Saddam remaining in power

By Hugh Carnegy in Jerusalem

AS MOVES intensify to find a diplomatic way out of the Gulf crisis before war ensues, so dis-quiet has deepened in Israel quiet has deepened in Israel over the prospect that President Saddam Hussein's Iraqi regime might escape intact.

The right-wing government of Mr Yitzhak Shamir insists it is not seeking to nudge the US-led alliance into war.

But ministers have made no secret of their desire to see Mr Saddam toppled and Iraq's for-

Saddam toppled and Iraq's for-midable array of conventional and non-conventional weaponry - and particularly its nuclear programme - disman-

"Stability and peace in the Middle East are very hard to envision if Saddam Hussein remains with the weapons of mass destruction, the war machine that he has and is building," Mr Binyamin Netanyahu, the deputy foreign minister, said this week. "No country is more threatened by Saddam Hussein than Israel."

More than that, Israeli officials are deeply anxious that, for all the assurance that there would be no "linkage" between Iraq's occupation of Kuwait and the Israeli-Arab issue, an essential part of any peaceful settlement in the Gulf would be the stepping up of interna-

be the stepping up of interna-tional pressure on Israel to make concessions to the Pales-

The frequently heard phrase is that Israel should not have to "pay the price" for any set-tlement. So while most of the world

has drawn some hope that developments over the past week might lead to the aversion of war, the Israeli government has instead begun to sound alarm bells about the development of medium countries. dangers of making concessions to Baghdad.

It was uneasy about the Bush administration's decision to talk directly to the Iraqi gov-ernment and was worried that Washington might go along with a UN Security Council resolution suggesting an international peace conference on the Middle East. Israel remains implacably

opposed to such a conference regarding it as certain to be overwhelmingly biased against it - and to date has relied on US rejection to protect



Shamir: short of chips

it from the prospect. The problem for Mr Shamir, who will see President George Bush in Washington next Tuesday, is that he appears short of bargaining chips in seeking to

bargaining chips in seeking to assert his concerns.

The US has been appreciative of Israel's low profile during the Guif crisis. But Mr Shamir's unyielding and repressive policies in the occupied territories have angered the Bush administration to the point where the two leaders have not even talked by telephone since February.

Israel is also in greater need of US financial assistance than ever before, to help it absorb a huge wave of Soviet Jewish

huge wave of Soviet Jewish immigration. Officials say the government will need US government guarantees to cover loans worth billions of dollars, a request Mr Shamir will be making of Mr Bush.

The clout that Israel undoubtedly still does hold lies in its military power.

in its military power.
"If anyone thinks that through some manoeuvre in the name of peace, [Saddam] will be able to continue to threaten with the aim of surprising Israel, he will find Israel ready, always, with its might, to destroy his security," said Mr David Levy, the for-eign minister, this week. Such a drastic move would involve such high military and

involve such high military and political risks that it could well prove counter-productive. But as long as Israel believes its interests may be threatened by developments in the Gulf crinations will be heard.

Oil prices see further decline Major responds with caution

OIL TRADERS yesterday interpreted the lastest events in the Gulf crisis to mean that prospects for peace and there-fore ample oil supplies were rightening.
Yesterday's price fall was not as big as the decline of more than \$3 a barrel which took place late on Wednesday

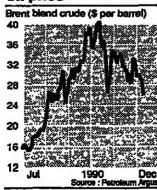
evening, after the US con-firmed that Iraq had officially accepted US proposals for high-level talks. Prices for North Sea Brent oil were propelled about \$1 lower to about \$26 a barrel yes-

terday by the announcement in

Baghdad that all hostages Oil prices have soared since Iraq's August 2 invasion of Kuwait, topping \$40 a barrel by late September as a result of both the cut-off of 4.3m barrels a day of Iraqi and Kuwaiti

exports, and fears that Saudi Arabian oil exports could be disrupted in the event of war. Meanwhile, the members of the Organisation of Petroleum Exporting Countries, led by Saudi Arabia, have boosted oil production much faster than

generally thought possible.



While most oil analysts had believed Saudi Arabia could not sustain production much above 7m b/d, it is believed to be producing well over 8m b/d. As a result, nearly all the oil exports from Iraq and Kuwait have been replaced from other sources, although with somewhat lower quality oil. The sharp rise in prices

appears to have led directly to

a decline in consumption, but

slowing US economic growth

has also had an impact.

The International Energy Agency, the Paris-based body which co-ordinates energy policy for 21 industrialised countries, forecast that oil consumption in the industrialised countries could decline by up to 4 per cent on a year-on-year basis by the third quarter of next year, assuming oil prices stood at \$30 a barrel.

Therefore, barring any further disruptions to oil supplies, the world appears well

A senior oil company execu-tive yesterday said a severe collapse in prices, to below \$15 a barrel, was likely should a peaceful resolution to the Gulf

the world appears well equipped to cope with the loss of Kuwaiti and Iraqi produc-

peacent resolution to the Guif crisis be found. According to this view, countries which have increased production would cut back only slowly, while Iraq and Kuwait would be anxious to get oil into the market quickly. Even so, continuing chances that war may equal have kent that war may erupt have kept

the oil market on edge, pre-venting a sudden fall in oil prices to pre-crisis levels of

below \$20 a barrel.

By Ivo Dawnay, Political Correspondent MR JOHN MAJOR, the prime minister, yesterday greeted President Saddam Hussein's decision to free all foreign hos-

decision to free all foreign nos-tages in Iraq and Kuwait as "wonderful news".

But both the prime minister and Mr Douglas Hurd, the for-eign secretary, insisted that Iraq must withdraw "totally and unconditionally" from Kuwait and its legitimate gov-ernment must be restored for war to be averted war to be averted.

in a cautious statement from Downing Street, Mr Major said: "I very much welcome the report about the hostage situareport about the hostage situa-tion in Iraq and Kuwait which, if confirmed, will be wonderful news for the hostages them-selves and their families who have endured so much. "I would be even happier

when they are actually back in the country, both those in Iraq and those still in Kuwait. It is something we have always pressed for from the beginning and this would implement just one of the steps of the UN Security Council resolutions." In the Commons, Mr Hurd also welcomed the reports. But he added that the government

WESTERN AND JAPANESE HOSTAGES

†† Minimum number. Almost 2m other foreigners remain in Iraq —— Kuwaii. mainiy Egyptians, Sri Lankans.

was still seeking clarification as to when and how the esti-mated 1,100 UK nationals in the two countries would be let "We are delighted for all the hostages and their families. They have suffered with great dignity and courage over the past weeks and months," he said. "In our view, Saddam Hussein should now implement

in full the UN resolutions, withdraw unconditionally from Kuwait and allow the legitimate government to return to Despite Mr Hurd's welcome, foreign office officials said the government's advice to some 440 British citizens still in hid-

ing in Kuwait was to remain under cover until further information was forthcoming.

Asked by Sir David Steel, the former Liberal leader, if the release would apply to those in hiding in Kuwait, Mr Hurd said the British embassy in Bagh-dad was seeking details of the

release conditions.
He told the Commons that the implication of Mr Saddam's letter to the Iraqi Assembly was that the hostages would be allowed to leave immediately. But he added: "This has to be cleared up."

Responding for the opposition, Mr Gerald Kaufman.

Labour's shadow foreign secre-tary, also welcomed the Iraqi move as "clear evidence" that sanctions were working. He went on to urge that they

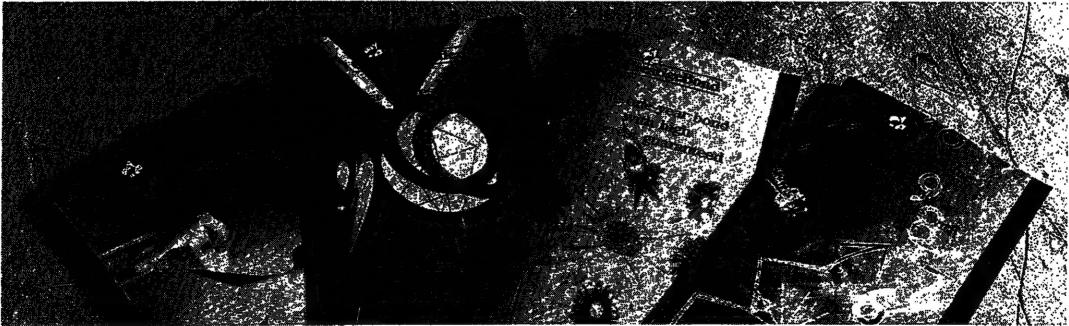
FINANCIAL TIMES FRIDAY DECEMBER 7 1990

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Happy Christmas. 1 prosperous NewYear depends on



Introducing Bright Horizons. Four new ways to save.

At Nationwide, we have some wonderful surprises for you to open this Christmas.

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Nationwide Anglia Building Society

After April 1991 interest will commally be paid at the net rate, after deduction of income tax at the basic rate, currently 25,80%. Tax may be reclaimed from the laland Revenue where the amount deducted exceeds an individual's liability to tax. Interest may be paid at the gross rate, without deduction of tax to individuals who are eligible and register that they do not exceed the same tax and in certain other cases. If interest is capitalised, or the accounts they do not exceed the same tax and in certain other cases. If interest is capitalised, or the same tax is the advertised ast tax, the basic rate tax liability on which will be discharged and which may not be reclaimed. All rates quoted are variable, interest as quoted are variable, interest product with drawals in same was withdrawals in same was without a same was withdrawals in same was withdrawals in same was withdrawals and was a same was without a same was without a same was withdrawals in same was without a same was

Indians arrest 2,000 Hindus at temple site

NEARLY 2,000 Hindus were arrested yesterday as saffronclad, slogan-shouting activists marched towards the barricaded Babri mosque in Ayod-hya, northern India, where they are trying to begin work on building a temple to the god Ram at the same site. Arvind Bhist writes from Ayodhya.

They were stopped by more than 8,000 armed paramilitary vented from entering the mosque. Unlike the first attempt a month ago, when more than 20 people were killed in police fire, security forces used no force and the Hindu volunteers did not attempt to provoke them. However, some march lead-

ers claimed that about 25 Hindus sneaked through the barri-cade and entered the mosque, where they performed a symbolic act of building the temple. Police denied that such an

attempt was made.
There was considerable tension in Ayodhya throughout the day. Towards the evening, small groups of Hindus and Moslems clashed briefly and one person was stabbed. Shops remained closed most of the

Bangladesh's new caretaker leader sworn in

GENERAL Hossain Mohammad Ershad, Bangladesh's military ruler for nearly nine years, yesterday handed over power to Mr Justice Shahabuddin Ahmed, the country's chief justice, who was the opposition's nominee as a neu-

tral vice-president, Reazuddin Ahmed writes from Dhaka. Mr Ahmed heads an interim government which is due to supervise parliamentary elec-tions within three months. He told the leaders of opposition parties whose six-week cam-paign toppled Gen Ershad that he himself had no long-term ambitions and would go back to his judicial job after the

The Bangladesh Nationalist Party and the Awami League will contest the elections. Mr Ahmed is likely to form a cabinet within a few days of <u>mini</u>s ters regarded as neutral.

USTRALIANS cheered when their high-profile when their high-profile entrepreneurs were taking on the world in the 1980s. Now many are baying for blood in the wake of corporate crashes which have cost at least A\$5bn (£2bn) in lost equity and put a question mark over nearly A\$19bn lent

In 1987, when the global stock market crash slashed

OBITUARY

asset values, it was only a mat-ter of time before most of the over-borrowed entrepreneurs

The change of heart has been led by business leaders such as Sir James Balderstone, chairman of the AMP Society. Australia's biggest institutional shareholder, who echoed

Newspapers have joined the crusade. The Australian Finan-

MR George Rerscu, the former head of Hooker Corp, a collapsed Australian prop-MR Robert Philpott, a prominent New Zealand businessman, was yesterday a collapsed Anstralian property and retail group, was found guilty of corruption yesterday, Reuter reports from Brisbane. Charges related to a A\$100,000 (£40,000) payment made in 1983 to Mr Russ Hinze, then a Queensland state cabinet minister. The prosecution jailed for two years, writes Terry Hall in Wellington. He was chief executive of Cory Wright and Salmon (CWS), an importer of executive jets an importer of executive jets and equipment manufacturer placed in receivership in 1988. He was found guilty of making false entries in accounts, falsely reporting to the stock exchange the sale of 5m shares, and one charge of forgery.

sentence of the order of the 10-year prison term handed down to Mr Michael Milken, the US junk bond financier. territory corporate affairs com-

increases delay and reduces the likelihood of prosecutions being launched. The chance of prosecutions being conducted successfully in some very com-plex cases revealed in some recent collapses is small," the commission said in its recent annual report.

annual report.

Both problems will be largely corrected by the establishment from January 1 of the Australian Securities Commission (ASC), a replacement for the NCSC, which will have the force of federal law and a budget of A\$107m.

Mr. Tony Hartnell, the ASC. Mr Tony Hartnell, the ASC chairman, said he plans to use

the courts as part of a "reso-lute effort" to restore Austra-lia's reputation, and has announced plans for 16 major

The federal government has announced plans to tighten the law governing the behaviour of directors of public companies, the Australian Stock Exchange has proposed tighter disclosure

Western Australia has announced a Royal Commis-sion into alleged corrupt links between government and busi-

Many problems remain. The effectiveness of the ASC is enecuveness of the ASC is likely to be reduced in the short term by the refusal of Western Australia to pass the necessary enabling legislation to allow federal law to operate in the state in the state.

This decision, which arises from an impasse between the state's political parties, means the ASC will not have full legal powers in Western Australia, and up to 20,000 companies operating on both sides of the border will have to comply with two companies codes. There are also fears that the

legislation establishing the ASC will be flawed because of the haste with which it was drafted after a compromise agreement between the federal government and most of the states on the commission's

of Angolan war in sight By Michael Holman.

Settlement

Africa Editor

AN END to Angola's 13-year civil war seemed in sight last night following the announcement by Mr Jonas Savimbi. leader of the Units rebel movement, that he would sign a ceasefire if the government accepted a multi-party system. A combination of external mediation, war-weariness, and the changed regional and international political climate, has pushed both Unita and the ruling MPLA party towards

ompromise. Mr Savimbl's statement, Mir Savimbl's statement, made at a news conference on Wednesday at the rebel head-quarters in Jamba, southern Angola, came as a special congress of the country's ruling MPLA party was preparing to endorse proposals for radical economic and political change.

"If they (the government) approve the multi-party system now... what we do is sign a ceasefire," Mr Savimbi said, He reiterated his call for international forces to monitor a ceasefire, a condition so far opposed by Luanda.

ANC supporters march in cities

About 15,000 supporters of the African National Congress yes-terday marched through the streets of Johannesburg and Pretoria to demand that a multi-racial interim government be set up to govern South Africa while a post-apartheid constitution is nego-tiated, Patti Waldmeir writes from Johannesburg.

The demonstrators, singing, dancing and waving flags of the ANC and the closely-allied South African Communist Party also called on the government to establish a directly elected constituent assembly

World Bank to lend extra \$4bn

The World Bank is likely to lend an extra \$4bn over the next two years to help devel-oping countries suffering the impact of the Gulf crisis. according to World Bank officials, Stephen Fidler writes.

The amount, in enlarged programmes and accelerated disbursements, will cover the almost 80 countries affected.

Australia bays for blood of its fallen businessmen

High-profile entrepreneurs now under investigation, once cheered, are now jeered, writes Kevin Brown

mark over nearly A\$12bn lent by the banks.

Mr Henry Bosch, former chairman of the National Com-panies and Securities Commission (NCSC), thinks it should both surprise and disturb Ausfied the paper entrepreneurs and made them grow into something far larger than they would otherwise have been". Some were given honours. many were lauded by politi-cians, and their success was often praised in the media. "The Australian public far

too often mindlessly chanted 'Come on, Aussie, come on'," said Mr Bosch.

TUNKU Abdul Rahman Putra ibni Almarhum Sultan Abdul Hamid Halim Shah was his full

name and title. He was known

throughout the world as sim-ply The Tunku - The Prince. He lived fast, became Malay-

sia's first prime minister and, later, father of the nation. He

was often controversial, some-times unpredictable but always immensely popular and respected – except by the most severe and least humor-

ous of his political opponents. He was born on February 8, 1903, the 20th of his father's 45

children. His mother was the

sixth and favourite of eight wives. "Of course, my father only had four wives at any one

time. That is what was allowed," he said. In so far as the young Tunku went to school at all in the early days,

it was to Penang Free School. "When I was young, I didn't go to school. I was taken there but

I used to run away," he said. He reformed in time to win a

scholarship to St Catharine's, Oxford in 1922, but truancy and a love of leisure remained

dominant influences. He

passed his bar examinations

only when he was 45, fast cars, horse racing, and other attrac-

went out of business. But it has taken some time

for the lesson to sink in that it may take years to remove the blemishes from Australia's tarnished international image. As Australia sinks into recession, the excesses of the 1980s are beginning to look obscene and opinion is running strongly in favour of stiff punishment for anyone convicted of corporate crimes and much tighter regulation in future.

President George Bush's com-ments on the treatment of US corporate criminals: "Throw the crooks in jail."

cial Review, in a recent edito-rial, said there were "plenty of

minister. The prosecution said the money was paid to encourage Mr Hinze to assist with political favours. Sen-tence is today. regime he is now operating is "de-spivving" Australia. The NCSC was unable to Australian candidates" for a

Even Mr Paul Keating, the federal treasurer (finance min-ister) whose deregulation of the financial system is blamed by some for the loose money which fuelled the entrepre-neurs, is getting in on the act. He says the tight-money police corporate regulation properly because of its inade-quate funding of just ASSOn a year, combined with a consti-tutional provision which forced it to put prosecutions in the hands of the various state and

"Inevitably this system

Malaysia's first PM Tunku Abdul Rahman dies, aged 87 ish. I was not frightened of them. But when it was all over became my friends," he said, being an anglophile at

> The Tunku cared deeply about the Commonwealth and about the principles of independence agreed with the British, which is why in his later ish, which is why in his later years he became a bitter opponent of Dr Mahathir Mohamad, the present prime minister, whom he accused of turning Malaysia into a police state.
>
> "He is going against all the promises we made at independence to make this country a democratic. parliamentary

democratic, parliamentary state with a constitutional ruler. I did not think that any member of our party would ever resort to this," the Tunku said in 1987, referring to the use of the Internal Security Act to detain more than 100 people without trial, the banning of three newspapers including the Star, of which the Tunku was chairman, and the introduction of draconian

press laws. The official reason for those measures was to reduce racial tension between the Malay and Chinese communities, and to prevent a recurrence of the the Tunku said, weeping: "It is, perhaps, the saddest day of my life." He resigned as prime minister the following year. In 1971 he established the 45-

nation Islamic Conference Organisation, based in Jeddah, Saudi Arabia, becoming its first secretary general in 1971. He was a devout Moslem who worked hard as head of the Moslem Welfare Organisation. But that did not mean he approved of all the religion's strictures: he gave up neither his brandy and soda nor his Gold Flake cigarettes.

When two men were jailed in

Kelantan state for drinking alcohol, he sent their families 6,000 Malaysian ringgit (£1,350) each. "Islam should be about helping one another, bringing people together, the rich assisting the poor, doing things for the good of all people and car-rying out welfare work among the Moslem minorities," he

He was a journalist's delight. Reporters used to stop his car anywhere in town and he would give impromptu roadside news conferences. A few days after he expressed sup-port for the American bombing

of North Vietnam, a reporter asked him to elaborate. The Tunku replied: "I'd better not. The Cabinet just criticised me. They said we would lose support among the Afro-Asians.
But no one printed that
remark, for the press liked him
so much they protected him.

The Tunku was a staunch anti-communist, his maxim being: "Never trust a commu-nist. Once a communist always a communist. They will destroy us."
The late Indonesian Presi-

dent Sukarno was a hero to him until be launched his confrontation with Malaysia in 1963. A broken-hearted Tunku said be could never understand why Sukarno had done this. and the huge picture of Sukarno in the hall of his residence came down.

In his later years, his eye-sight faded and increasingly severe back problems confined him to a wheelchair. But whether through his acerbic and influential newspaper writ ings, or through the private counsel he gave to the unending stream of visitors, Tunku Abdul Rahman remained a central figure in Malaysia to the end.

Malay leader spending even a night in jail. "I fought the Brit-**AMERICAN NEWS**

Austerity lifts Argentine state companies' figures

By John Barham in Buenos Aires

ARGENTINA'S largest state-owned companies have substantially improved their financial and commercial per-formance in the first three quarters of this year, a federal

government report shows. The government's 12 largest companies have reduced their overall borrowing require-ments by 57 per cent to \$1.72bn in the first nine months of the year, while sales grew by 10 per cent to \$7.63bn. The compa-nies reported an operating profit of \$572m, in place of an operating loss of \$664m in the equivalent period of 1989.

Argentina's ailing state com-panies have been the principal drain on government revenues for decades. Their improving performance is reflected in sounder public finances and declining inflation rates, as the

Noriega tapes

THE US television service Cable News Network has decided to allow court tran-

decided to allow court transcripts of its tape-recordings of telephone conversations involving General Manuel Noriega to be made public, without further legal battles, the network and its attorney said yesterday, AP reports from Mlami.

Judge William Hoeveler, presiding over the trial in

presiding over the trial in Miami of the Panamanian for-

mer ruler on drug-trafficking charges, ruled that the transcripts could be released yesterday, unless CNN decided to take the case to a higher court.

CNN's lawyer said it had decided not to appeal, adding that its main concern had

always been to protect its con-

to go public

says CNN

government resorts less to the mint's printing presses to finance their losses. President Carlos Menem's

government has undertaken an aggressive privatisation policy which will shift most of the companies listed to private ownership. Two of them – the ENTel telephone service and national airline Aerolineas Argentinas - were privatised last month. The government has chosen to administer the companies on an emergency basis, rather than inject new capital to prepare them for pri-

vatisation.

Thus the dwindling losses are more the result of a sharp rise in monopoly prices, com-bined with tough employment and spending cuts, rather than an improvement in efficiency. Purchases of inputs and raw

materials fell by 7.4 per cent to \$5.12bn, while investment remained almost unchanged at

tions getting in the way before

His passionate devotion to

sociation football (he played

inside right for St Catharine's) later led to occasional acts of

truancy from Commonwealth

prime ministers' meetings -particularly if the meetings were in London, Chelsea were

playing at home, and the con-ference subjects under discus-

sion did not seem greatly to

He was one of an increas-ingly rare breed of politician-

affect his people.

The strict cash limits have made the state companies notoriously unreliable customers, not honouring debts to public and private sector suppliers. The government has decreed that public sector debts out-standing in March will be compulsorily refinanced with 10-

Officials have begun winnowing to renegotiate "unrea-sonable" claims on the public sonable claims on the public sector before issuing the bonds. Mr Saul Bouer, Trea-sury Secretary, says the net debt may run to \$5bn. Other officials say the final figure could be far lower, since sup-pliers are suspected of much padding of their invoices.

Suit filed

who stumbled into government

by chance, took to leadership with the ease born of privilege,

charmed both colleagues and opponents and relied heavily

He was chief minister of Malaya from 1951 until becom-

ing prime minister in 1965. Malaysia's independence from

Britain two years later was not easily negotiated, but it was

achieved without lasting ran-

cour and without a single

By Louise Kehoe

AN anti-trust suit has been filed in the US against Mat-sushita in a bid to scuttle the Japanese company's acquisi-tion of MCA, the Hollywood-

sumer electronic manufactur-ers uniawfully to restrain ers unlawfully to restrain trade in the market for television sets, VCRs and audio equipment. To entreuch their monopoly positions in the hardware industry, Matsushita and its co-conspirators are trying to monopolise and unlawfully to restrain trade in the market for films. TV prounlawfully control and domi-nate the economy of the US by the end of this century."

Mr Alioto, former mayor of

several US companies and

Haiti edges towards credible poll

Many still fear violence that halted 1987 vote, writes Canute James

and not least from astute elec-toral officials, Haiti's tortured efforts at its first credible elections for more than three decades seem set to bear fruit. In spite of violence on In spite of violence on Wednesday night that claimed seven lives and injured 52, the threat that voting, scheduled for December 16, will be disrupted is still being discounted. The parties have been campaigning and most of the estimated 3m voters have been registered.

registered.
Since the overthrow of President Jean-Claude Duvalier in February 1986. Haiti has had several governments headed by army generals, an election of dublous integrity which installed a short-lived civilian government, and currently an interim administration, led by Mrs Ertha Pascal-Trouillot, whose mandate is to take the

TTH help from its country through the election.

Caribbean neighbours, from the UN country through the election.

It has been the powerful rump of Duvalierism, representing the radical right and acting with the army, which has irostrated most efforts at political change.

In an effort to stem the continuing instability which they feared could affect the region,

Haiti's Caribbean neighbours and the UN have been helping with the election.
It was, however, Haiti's elec-toral council which deftly dif-

fused a threat to the elections. Among the aspiring candidates who were not accepted by the council was Mr Roger Lafon-tant, a former interior minister in the Duvalier dictatorship, and who is widely associated with the murder of 34 people that forced the abortion of elec-tions in 1987. Mr Lafontant also headed

the tontons mucoute, the dreaded praetorian guard of the Duvalier dynasty and



Father Aristide: From the pulpit to the palace?

which, although officially dis-banded, reappears too fre-quently for the comfort of most Haitians.

Mr Lafontant returned to Haiti from exile earlier this year. The government issued a warrant for his arrest, but so powerful is his support that he appeared in public with impunity, was elected to head the neo-Duvalierist, ultra-right party, and later said he would be a presidential candidate.

Under Haiti's post-Duvalier constitution, former functionaries and zealous supporters of the dictatorship are barred from standing for public office until after 1997. When Duvalierists were rejected by the electoral council in late 1987, thugs razed the council's offices. Haiti from exile earlier this

offices.
This time Mr Lafontant was rejected, not because of his Duvalierist connections, but because his application did not include his birth certificate. His rejection on this technicality, and that of other non-Duvalierists, has left him without a credible complaint.

He says he will continue campaigning and will contest. Since his name will not be on the ballot, and candidates can-not be "written in", Haitians still fear a backlash from the

Three candidates have signifrhree candidates have signuicant support. The most colourial is Father Jean-Bertrand Aristide, a Silesian priest whose advocacy of liberation theology has so ruffled the church hierarchy that he was removed from his urban parish two years ago and sent to run a boys' home. Fr Aristide has support from the many slums in Port-au-Prince, the capital. Mr Louis Dejoie of the Indus-

Caribbean

trial and Agricultural Party is receiving support in the south
of the country, a stronghold of
his father whose loss in the
1957 election to Mr François
Duvalier was widely held to
have been the result of fraud.
Then there is Mr Marc Bazin,
a conservative and former
World Bank technograf who

World Bank technocrat who served for nine months as the dictatorship's finance minister, but who absolved himself in the eyes of Haitlans by getting fired for a vain attempt to curb corruption in high places. Mr Bazin is getting support from his native north of the country, from the urban middle class, and is widely held to be the man the US would like to see installed as president next February

ruary.
The army, nurtured under the dictatorship, and which provided some of the country's leaders since, has said it will support the election and respect its outcome. Many Haitians have not forgotten that much the same was said in 1987 before senior officers looked on dispassionately as thugs murdered prospective voters.

Bush assures Chile on regional free trade

By Leslie Crawford in Santiago

PRESIDENT George Bush yesterday sought to reassure Chile that his Enter-prise for the Americas Initiative was not simply "an empty slogan", and that he was serious about promoting free trade between the US and Latin America.

"The US Congress must be brought in as a full partner, but I want to shoot down

how the idea that the US bureaucracy will block the initiative," Mr Bush said on arriving in Chile, on the latest leg of his one-week Latin American four. Chile - with a small, export-oriented

economy - is a strong supporter of Mr Bush's initiative, which was unveiled in June. But it is disappointed that the plan

has hardly left the drawing board.

President Patricio Aylwin and his Finance Minister, Mr Alejandro Foxley, told Mr Bush that negotiating a free-trade accord with the US remained one of Chiles to expand in wicetime.

Chile's top economic priorities.

Mr Bush said that a successful conclusion of the current round of Gatt talks would be the best way to remove trade barriers, but that he had also held a useful discussion with Mr Aywlin and Mr Foxley on ways to foster bilateral trade.

While Mr Bush was addressing the Chil-ean Congress in the port of Valparaiso, Mr Foxley and Mr Nicholas Brady, US Trea-sury Secretary, were talking in Santiago.

the capital, on how to accelerate US-Chil-ean free trade negotiations.

Mr Foxley was also expected to canvass Mr Brady's support for a Latin American integration fund. This initiative came into being at an informal meeting of Latin American finance ministers in Chile last

The fund, financed by the World Bank and Inter-American Development Bank, would promote investment, economic restructuring and the harmonisation of

trade policies in the region.

Mr Foxley explained that the aim was to create a common market similar to that of the European Community.

Antigua

CORRECTION

IN an article published by the Financial Times yesterday, the Caribbean state of Antigua and Barbuda was erroneously described as a British dependency. It acquired independence from Britain on November 1, 1981.

S&L rescue cost 'to raise budget deficit to \$320bn' By Michael Prowse in Washington

THE rapidly rising cost of the bail-out of the savings and loan industry in the US will raise the headline federal budget deficit to \$330bn in 1991, com-pared with \$277bn this year, the Congressional Budget

Office reported yesterday.

However, provided the spending caps imposed in the budget agreement in October are honoured, the total government deficit, including social security and other trust funds now classified as off-budget, will rise to only \$2520n next year, compared with \$2200n in year, compared with \$220bn in 1990. This is because the social security fund is moving rapidly

into large surplus.

The increase mainly reflects the higher cost of the savings and loan rescue, which rises from \$58bn in 1990 to \$91bn next year. Most the extra cash is needed to close or subsidise the sale of hundreds of insolvent thrifts (S&L bodies).

The CBO warns, however, that deficit figures, including the costs of the thrifts bail-out, are economically misleading.

are economically misleading. Borrowings on account of bankrupt thrifts do not put increased pressure on interest rates because the cash is redeposited in new accounts or

reinvested in earning assets. The best economic measure of the budget deficit includes social security and excludes the bail-out costs. On this basis, the CBO estimates the

unchanged from 1990.

The CBO – an independent advisory body for Congress – is optimistic that all measures of the deficit will decline over the next five years, as fore-shadowed in the October agree-ment between the White House

ment between the White House and Congress.

The headline deficit is expected to fall from a peak of \$337bn in 1992 to \$143bn in 1995. The deficit, including both the social security surplus and the costs of the thrift ballout, is projected to fall to \$29bn in 1995. The deficit, including the social security surplus but the social security surplus but excluding the thrift costs, falls to \$58bn - a smaller reduction because the thrifts rescue is expected to generate revenue in 1994 and 1995.

The CBO's analysis thus sup-ports the White House's claim that the budget agreement will bring about a large reduction in the deficit in the medium term. The best economic measure of the deficit (including social security but excluding thrifts) falls from about 3 per cent of GNP in 1991 to less

against sale of MCA to Matsushita

in San Francisco

based entertainment group.

The suit – filed in Arizona
by Go-Video, a US manufacturer of video-tape recorders

– charges Matsushita with

conspiracy with other Japanese companies to monopolise the US consumer electronics

the US consumer electronics market. An injunction to prevent the acquisition of MCA by Matsushita is sought.

The move reflects growing sentiment in the US against Japanese acquisitions of US companies. It attacks alleged collusion between big Japanese companies to eliminate non-Japanese competition.

nese companies to eliminate non-Japanese competition.

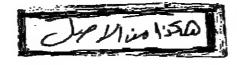
"What Matsushita can't copy they buy — Hollywood. We're not going to take this any longer," said Mr R. Terren Dunlap, Go-Video chief executive officer.

Go-Video alleges that Matsushita has conspired with Sony and other Japanese consumer electronic manufactur-

market for films, TV pro-grammes, and video and audio recordings, Go-Video claims. Mr Joseph Alioto, a promi-nent San Francisco attorney who is representing Go-Video, said: 'This is another example of Japanese industrialists embarked on a deadly, danger-ous, 10-year programme to

individuals in legal battles with Japanese companies.
The anti-trust complaint alleges that Matsushita and other Japanese companies have shared patents to the exclusion of all outsiders, particularly Americans, and conspired to fix prices among themselves and through their distribution chains.

San Francisco, has represented



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Character James

These suppliers have won the Ford Quality Award. But the real winner is you. Ford European Q1 Quality Awards are reserved for the few - those special suppliers who achieve the highest performance against Ford's rigorous quality standards. In short, higher quality for you, the customer. 822 suppliers have already joined this élite. Now there are 33 new winners. Congratulations to them all. Ford salute them. A Raymond KG Gloria Werke Ratcliffe Springs & Pressings Ltd Wadersloh West Bromwich Lörrach Rockwell International Alcan Deutschland GmbH St Dié Werk Ohle Sobernheim

August Bilstein GmbH & Co KG Hans Bilstein Werk Mandern

Aviatube

Carquelou

British Timken

Robert Bosch GmbH Lichtwerk Feuerbach

> Copra La Combelle

Carflow Products (UK) Ltd Leighton Buzzard

EAH Naue GmbH & Co KG Espelkamp

Empe Werke

Geretsried Eisenwerk Fraulautern GmbH

> Saarlouis Heinrich Gillet KG Werk Mussbach

Hasenclever

Battenberg Illbruck Ltd

International Radiator Services

Milton Keynes

Leicester Knecht Filterwerke-Ges.m.b.H.

Werk St Michael

Lignotock Manufacturing (UK) Ltd Telford

Lucas Automotive Malaysia Jahore

Magna Auteca Ges.m.b.H.

Pneutron Priesemuth GmbH Breitenburg

Precision Cut Rubber Co Ltd Corsham[†]

SFS Stadler AG Heerbrugg

T P Manipulations A Division of Senior Tube Ltd Warley

Thyssen Concordiahütte

Bendorf Valeo Eclairage Signalisation

Plant Angers Vegla/Sekurit

Werk Stolberg

Vereinigte Schraubenwerke GmbH

Altena Vickers Pressings

Newcastle-upon-Tyne Wigo Werk Kreuznach Chemische-Fabrik GmbH.

Bad Kreuznach



British Steel outlines strategy for investment in N America

BRITISH STEEL yesterday gave the clearest public indica-tion yet that its long term strategy will include a significant investment in the North

American steel industry, writes Charles Leadbeater. Mr Martin Llowarch, the company's chief executive told a Commons select committee that the North American market was particularly attractive because of its size.

He told the select committee on trade and industry that British Steel had three long term priorities: to invest in its UK plants to maintain its market share, to establish a leading position in European markets in selected products and to expand into the US. Mr Llowarch said :"The

North American market is very big and we want to see to what extent we can get involved in it." British Steel executives, led

by Sir Robert Scholey, the com-

pany's chairman, were giving

evidence to the committee's inquiry into the decisions to close the hot strip rolling mill at the Ravenscraig plant and the nearby Clydesdale tube

works.
The two closures, which will lead to almost 2,000 job losses in the next year, have pro-voked considerable controversy in Scotland.

Sir Robert made a robust efence of the financial rational of the two decisions and the way the company had consulted its employees.

He said British Steel would keep its options open on whether it would sell the by concentrating hot strip rolling at its two plants in South Wales. equipment in the hot strip mill

Specialists who have studied the Ravenscraig works esti-mate the savings could amount to about £100m a year.
Sir Robert said he had not provided the Scottish trade

mions with commercially sensitive information about the economies of the closures because he did not believe they could guarantee the informatial paper on the gains from

tion would be kept confiden

Mr James Crap, a Conservative MP, asked whether con-cern about leaks lay behind the decision not to give commer-cially sensitive information to Mr Malcolm Rifkind, the for mer Scottish Secretary.

Sir Robert replied: "It is not for me to comment on leaky-ness. After two weeks I find it very difficult to trust all sorts of people."

Labour launches health proposals



The opposition Labour Party has launched the alternative to the government's health reforms on which it will fight the next general election. Its proposals — A Fresh Start for Health—state explicitly that Labour would "abolish the market in health care" on which next April's reforms are based. Mr Robin Cook, the Opposition spokesman on health (above), said that Labour would tackle the underfunding of the NHS and "redress the neglect of the past decade." Labour plans to allocate funds on the basis of performance agreements. Extra funds would be available to hospitals which "outperformed their agreed targets by delivering high activity levels in the priority areas" through a proposed system of flexed budgets.

Lamont renews support for hard Ecu alternative



Norman Lamont

By John Mason

MR NORMAN Lamont, the chancellor of the exchequer, yesterday told the House of Common that the government remained opposed to the imposition of a single European cur-

Speaking in the Commons chamber for the first time as chancellor, Mr Lamont re-affirmed his support for Britain's alternative – the hard Ecu.

Replying to a challenge from Mr Alan Beith, the finance spokesman for the Liberal Democrats who asked if there was any life in the govern-ment's proposals for a hard Ecu, Mr Lamont said the hard Ecu could, in time, develop into a single European cur-

He stressed, however, that this would depend upon the willingness of both the market and individuals to use it.

A number of other European countries, including France, were now expressing interest in the British proposal, he

In response to questions from opposition Labour MPs. Mr Lamont claimed that the evolutionary and market-driven approach of the hard Ecu would allow it be introduced according to the require-ments of individual members of the European Community.

He told MPs an imposed singie currency would lead to a degree of political integration that Europe was not prepared for. Greater economic convergence between European economies would be necessary before a single currency could be operated, the chancellor

He also underlined the government's determination to fight inflation following the change of prime minister.
"Of course the economic policies are to be the same. Bearing down on inflation remains the top priority of this govern-ment," he said.

Challenged by Mr John Smith, the finance spokesman for the opposition Labour party, on how the government would respond to possible increases in unemployment and company bankruptcies caused by the recession, Mr Lamont said the government remained opposed to helping businesses by relaxing fiscal policy.

EMPLOYERS' ASSOCIATION AND FT SURVEY OF DISTRIBUTIVE TRADES

Retail sales growth slows to virtual halt

for scrap after its closure next

question of the mill being sold to someone who would rebuild

pean Community.
The company will provide

Sir Robert said there was no

elsewhere within the Euro-

committee with a confiden-

By Rachel Johnson, Economics Staff

THE GRIMMEST-EVER survey yesterday showed that the recession has brought retail sales growth to a virtual halt and is now biting into high

treet jobs.
The results of the latest survey by the Confederation of British Industry, the employers' association, and the Financial Times describe the worst business conditions for seven years for Britain's retailers, Trading conditions in the retailing sector have been deteriorating since April. In November, however, retailers reported sales growth was the lowest for seven years, although their expectations of a busy Christmas provided one

bright spot in an otherwise

Retailing Sales (%) Orders (%) Stocks (%)

1990

survey results. The CBI said there was "some confidence in the outlook for Christmas

1989

1990

Expected belance

trade, particularly for lower-priced items." Extremely tough business nies to lay off staff, with the result that employment levels were lower this November than last November for the

Motor trader job losses were at a six-year high and employment continued to fall in wholesale businesses.

Mr Nigel Whittaker, chairman of the CBI's distributive trades panel, said: "This is the fastest rate of decline in amployment we have seen." employment we have seen." The picture does not brighten over the next three months, with all sectors expecting conditions to worsen further over the next three months and retailers reporting their first fall in business confi-

ence for a year. Investment intentions are at an all-time low, with the surtors expect to authorise less capital expenditure over the next 12 months than over the

"Short term business prospects into 1991 are not very encouraging, with companies taking a firm line on control-ling their cash flow and their capital spending," he said.

Depressed domestic demand as a result of the prolonged period of high interest rates had two encouraging results. Companies' ability to pass on higher prices had been limited, resulting in the lowest rate of price increases for four years.

Stagnant demand had also kept down import levels in the

BRITAIN IN BRIEF



European Court rules on imports

The European Court of Justice has ruled that Danish and Irish limits on personal imports of beer are illegal. The ruling means that Danes can bring in beer to a value of Dkr3,100, about 1,500 bottles, so as long as the beer is for private consumption. In Denmark, beer retails for roughly twice the price in

neighbouring Germany. Irish beer drinkers will now no longer be restricted to 12 litres, a blow to the Irish tax collection, which currently receives duties of almost one ecu per litre - almost 50 times the rate of tax in France.

The problem underlines the difficulties for the EC in trying to smooth out some of the differences in excise rates before 1992.

Hurd sets out

agenda for IGC

continue slump new vehicle market

car registrations.
The decline to 117,499 from 143,323 a year ago was the second largest monthly fall this year as the recession in

Imported cars accounted for 56.9 per cent of the UK new car market in the first 11 months, a marginal fall from

Douglas Hurd: call for efficient EC institutions

Improving the efficiency of the European Community's existing institutions should take precedence over any moves to extend their powers, Mr Douglas Hurd the Foreign Secretary maintained in the Commons last night.
Outlining the Government's

approach to the inter-governmental conference on political union to be held in Rome next week he envisaged a bigger role for the European Parliament in monitoring expenditure rather than it being given legislative

RAF to charter civil aircraft

The RAF is being forced to charter civil airliners for regular flights to the Palklands because of increasing pressure on its own fleet as a result of the Gulf

The Ministry of Defence is seeking tenders from British-based carriers for the twice-weekly 16,000-mile round journey. The new flights will begin on December 13.

Directors leave stock exchange

International Stock Exchange is to lose the managing directors of two of its three operating divisions just eight months after they were

appointed. The departures of Mr George Hayter, managing director of the trading markets division, and Mr Stewart Douglas-Mann. of the primary markets division, suggest that the shake-up at the exchange

initiated by Mr Peter Rawlins, the new chief executive, is far from over. It was Mr Rawlins who created the three operating areas out of a bureaucracy in April this year. Fujitsu links up

with Quotient Quotient, a leading UK supplier of computer software for financial services has been chosen by Fujitsu of Japan, the world's second largest computer company, to develop jointly an advanced securities

trading system.

The system, which will cost up to £5m to develop and involve up to 25 Quotient software experts, is expected to be ready by early 1993.

Record haul of heroin

Customs officers making a random check on two Turkish lorries found a record 203 kilos of heroin with a street value of £20m concealed under the floor boards.

The discovery at Dover, Kent, was the largest ever single seizure of heroin in Britain. The lorries travelled the "Balkan Route" from Turkey overland across Europe fore catching the ferry from Ostend to Dover.

Vehicle sales

The deterioration in the UK accelerated in November with a fall of 18 per cent in new

the UK new car market now

the 57.1 per cent of a year ago.

Call for justice reform

Ways must be found to ensure access to justice for those who do not qualify for legal ald but cannot afford to fund litigation from their own pockets, Lord Mackay, the Lord Chancellor, said at the London School of Economics last night.



Lord Mackay: strongly critical of lack of funding

But he stressed that the problem would not be solved by making available additional public funds. The British system of justice was often thought to be the best in the world but, Lord Mackay asked.
"is it really justice if in order
to get it you need to pay so

Durham enters big league

The county of Durham, in the north of England, is to become first class cricket's 18th county - the first minor county to be admitted since 1921. Founded in 1882, it has won the Minor Counties championship a record nine times and has produced 86 first-class cricketers, nine of whom have gone on to play Test cricket for England.

Britain's bankers propose voluntary code of practice

BRITAIN'S lenders and plastic card issuers responded to criticism of their practices yester-day by proposing a banking code to clarify their customers' rights, writes David Las-

The 23-ciause code sets out standards for "good banking practice" in the areas most fre-quently singled out for com-plaints: bank charges, confidentiality, credit marketing, and responsibility for losses on misplaced or stolen cards. It was immediately wel-comed by Mr John Marples, the Economic Secretary to the Treasury. "I am particularly pleased that they are giving their customers the chance to comment on the code in draft it is the customers after all that the code is all about," he

The main features of the proposed code are: more clarity on bank charges; a limit of £50 on customers liability on lost or stolen cards; care to be shown when marketing credit to young people; no indiscrimi-nate use of direct mailing.

The document also contains glossary of everyday bank-

Although the code refers to banks, it will also apply to building societies and issuers of plastic cards, notably the large high street retailers. Trade groups representing Trade groups representing these sectors were involved in the drafting.

Sir George Blunden, the former deputy governor of the Bank of England, who chaired the committee, said he believed the draft created an acceptable balance between the interests of banks and their customers. But he also stressed it would probably mean little change to the way banks conduct themselves.



Sir George Blunden (left) hopes his code will deter an assault by John Major

Moderation enshrined in coded message

David Lascelles examines the non-radical approach adopted by British bankers

Sir George Blunden, the former deputy governor of the Bank of England who headed the team which drafted the new banking code, gave a warning when he launched the document yester-

day.
It will probably disappoint people, he said, because it con-tains nothing that is startling. in fact, from the banks' point

of view, "it won't mean much change at all". Whether this turns out to be a strength or a weakness will emerge over the coming months when the 36-page draft with an accompanying com-mentary will be circulated in government, and among banks

and consumers.

The banks will be pleased because the code's non-radical claimed all along: that their practices are sound and fair. But the banks' critics, who included Mr John Major when he was still Chancellor of the Exchequer earlier this year, may want to see something tougher. Excessive lending, hidden charges and poor han-

dling of complaints are all sore

The code is a voluntary exercise by UK banks, building societies and big retailers to clarify the rights of users of ciarity the rights of users of banking and credit services. It was proposed in response to the 1989 Jack Report on banking services which called for a statement of best practice, but the threat of legislation was always in the background if the banks did nothing. Demands for a code intensified

during the heady days of the late 1980s, when the high pressure marketing of credit, particularly to young people, became a big political issue.

Mr Major himself rebuked the banks and complained the time it was the line. about the time it was taking them to get the code together. them to get the code together.
Sir George said yesterday
that the code was not designed
specifically to meet the problem of excessive credit, or the
mood of the moment. "We
want a code that can last a
long time," he said. "We are not concerned with current economic circumstances."

Many of the code's 23 clauses

aim to clarify consumers' rights on fairly basic matters like bank charges, customer confidentiality, handling of complaints, data protection, and even what happens to out of date cheques.

typical clause, on bank-

A ers' references, reads as follows: "Banks will on request: a) advise customers whether they provide bankers' references or bankers' opinions in reply to status enquiries made about their customers; b) explain how the system of bankers' references works." Despite Sir George's dis-

claimer, the code does address current concerns about credit marketing. Clause 9 says "Banks will act responsibly and prudently in marketing and advertising ... Particular attention will be paid to applications from young people for credit with the aim of preventing them from over-committing

Another clause pledges the banks not to use direct mail indiscriminately and to exercise restraint with minors. But one area where the

banks plainly do not intend to yield ground is over automatic debiting of bank charges to 150 for charges made on a lost or stolen card. But Sir customers' accounts. The code rejects suggestions that customers should be advised in advance what their bank charges are likely to be as too complicated and costly. The draft, however, does

The draft, however, does commit banks to greater transparency in their charges. It also recognises that many people do not understand how the clearing system works, and that customers may need more information about the time it takes to clear cheques.

The largest section covers plastic cards, an area which has seen the biggest changes in

has seen the biggest changes in recent years, but where com-plaints are also most frequent. This is also the area of lending which includes the main nonbank providers of credit, the high street retailers. Mrs Eliza-beth Stanton of the Retail Credit Group which helped draw up the Code said her group members accounted for about 80 per cent of the store cards issued.

The main provision here is

John Quinton, the chairman of Barclays, the largest UK card issuer, stressed that this will not apply where people have acted fraudulently or negligently. And negligence, he said, would include cases where people are the said. where people wrote their per-sonal identification numbers (PIN) on their cards.

Although the banks are encouraging people to comment. Sir George said his committee had gone over the ground so thoroughly that he doubted that there would be major amendments. "We think the work have a way helmost ended we have a very balanced code between the interests of the banks and their customers."

benks and their customers."

When the code is promulgated, it will be up to individual banks, building societies and stores whether they adopt it. The great majority are expected to.

For the banks and building societies the code will operate in conjunction with their respective. respective Ombudsman

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Energy department may be abolished

MR JOHN Major yesterday over 1000 civil servants. Its raised expectations that the budget of £3.15bn is spent on department of energy would be abolished after the next elec-tion in one of his first state-ments as prime minister. Mr Major told parliament in

a written parliamentary state-ment that his present expectation was that keeping a sepa-rate department would be justified "at least until the end of this parliament." The announcement, imme ately after the closure of the

regional electricity companies share offer, was seen in West-minster as confirming that the department's remaining responsibilities are set to be dispersed under a new admin-

Mr John Wakeham, the energy secretary, joined the department in the summer of 1989, with ensuring the success of electricity privatisation as his main task. There has already been speculation that he may retire as an MP at the

The department employs just

two main programmes: £2.8bn supports the coal industry and £289m is spent on research and development, principally in the nuclear industry.

The department's responsi-bilities for overseeing the energy industries are expected to pass to the trade and industry department, although some of its remit may pass to the department of the environment or to free-standing agencies. Oil industry representatives yesterday expressed concern that the energy industry would

no longer have its own repre-sentative of Cabinet rank. Mr David Boyd, chairman of Goal Petroleum, a leading independent oil company, said: 'I regret the passing of the Department of Energy. The danger is that the energy business will in future be treated as of lesser account by Govern-

Dr Harold Hughes, director general of the UK Offshore Operators Association, expressed concern about the dissipation of the energy department's oil industry spe-cialists.

However, Mr Stewart Boyle of the Association for the Con-servation of Energy saw the change as an opportunity to strengthen the Government's role in energy efficiency. He called for the creation of a powerful, free-standing energy efficiency office. Some ministers have long

believed that the energy department's role in energy efficiency and renewable sources of energy, together with its responsibilities for setting limits on emissions from power stations could better be handled in a "green" ministry. The Association for the Con-

tre Association for the Con-servation of Energy, an indus-try-backed lobbying group, yes-terday said that responsibility for energy efficiency ought to be at the centre of the Govern-ment's environmental reliev ment's environmental policy. But it also called for the Energy Department's energy efficiency office to be trans-

formed into a powerful inde-pendent agency.

Another candidate for independent agency status would be the Offishore Supplies Office, the wing of the Energy Depart-ment which has championed a buy British policy in the North Sea oil and gas industry, Privatisation has bitten into the department's tasks since

1979. BP, Britoil, Enterprise Oil (British Gas's offshore oil assets) and most spectacularly British Gas, with 4.5m inves-tors, have all been transferred to the projects sector. to the private sector. There is also more to come, with the electricity generating companies to be privatised next year, and the "historic pledge" by Mr Cecil Parkinson, a former energy secretary, to privatise British Coal.

The transfer of the department's role in offshore safety to the Health and Safety Executive, however, follows intense criticism of what happened in the Piper Alpha disaster on a North Sea oil rig two years

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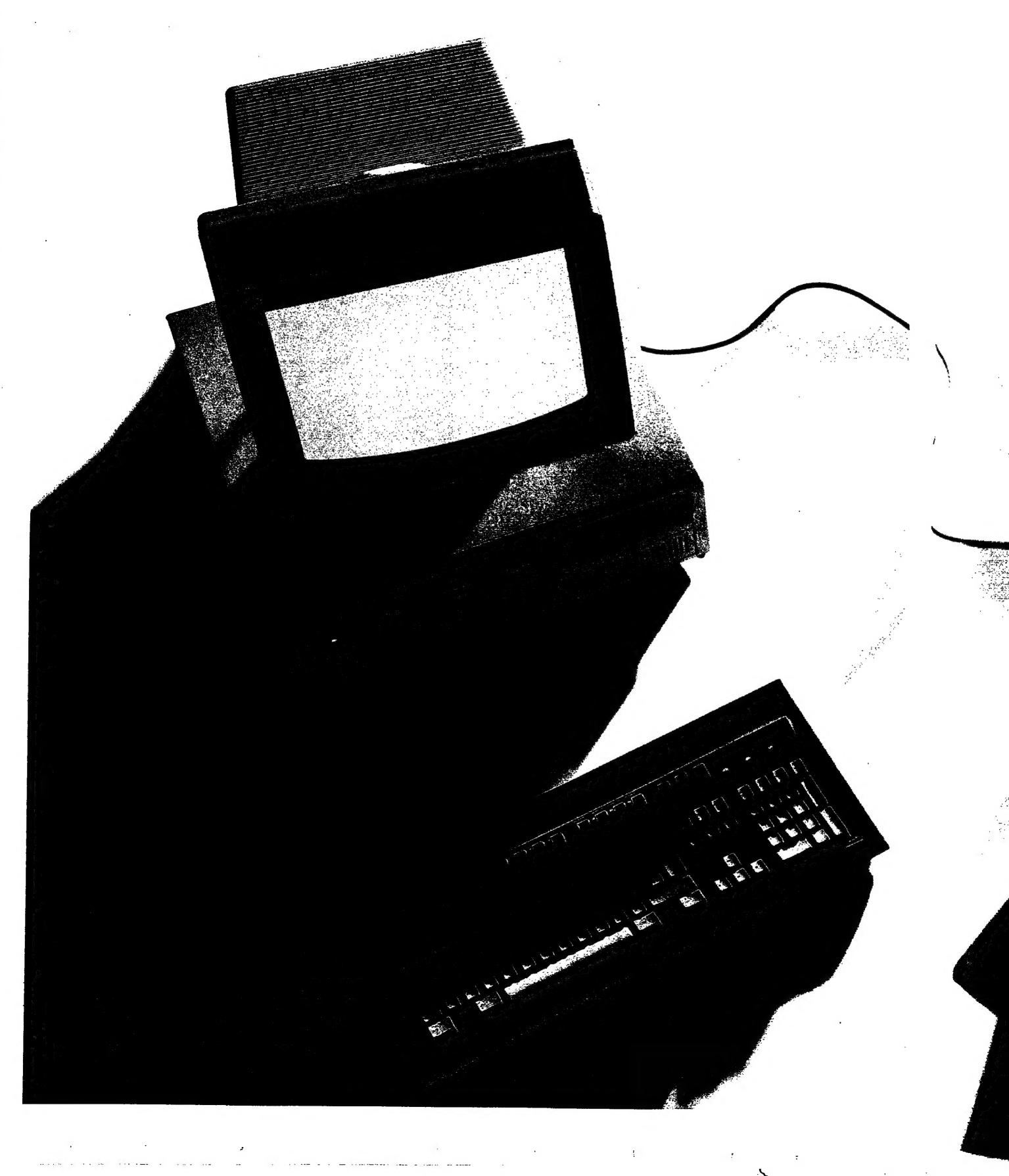
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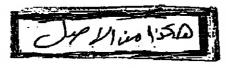
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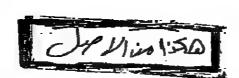
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Call for justice reform

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Sensing the green challenge

NEW ways of monitoring environmental changes could lead to market opportunities worth about £170m over the next five years in the UK alone. Similar opportunities are emerging elsewhere in the European Community, as common standards for environmen tal protection are evolved.

This is a main conclusion of

a report* into "green" sensor technologies commissioned by the UK Department of Trade and Industry from Robert Bogue and Partners of Yelverton, Devon.

The work is part of the DTTs

advanced sensor technology transfer programme, which aims to encourage industry to use more of the latest sensing techniques for environmental monitoring and control.

John Fleming, DTI co-ordina-tor for advanced sensors at the Laboratory of the Government Chemist, says that "in environmental monitoring you have to have a sensor to provide the information and to control the process which cuts pollution".

The growing need for lyanced sensing technologies results from the requirement for more accurate and continuous monitoring of the environment. This concern is reflected in the new Environmental Protection Act which became law in the UK last month and the European Commission's envi-

ronmental action programme.

"The biggest change is coming from new disciplines and new techniques, such as biosensors, which can recognise individual bacteria; from fibre optic sensors, for remote monitoring and from solid state sen-

sors, Fleming says.

He hopes that the programme will interest smallnd medium sized companies involved in the design and production of instruments for sensing the environment.

"These companies often find it difficult to keep track of new technology." he says. "Yet, if a company gets involved in a new technology early enough, it gives the company a strong competitive edge."

Lynton McLain

*Copies of the report are available from the LGC, Queens Road, Teddington, Middlesex, TW11 OLY. Tel: 081-943 7388.

"THE TRAIN has been delayed because of extended intervals between trains." Such tautologous information comes daily to those who wait for London's tube trains, leaving passengers irritated and none the wiser. To managers at London Under-ground, however, such appar-ently minor incidents could

contain the seeds of crisis. "Anything in an organisa-tion handling millions of peo-ple that departs from normal is Gardner, information technology research manager at London Underground.

He is seeking an approach to crisis management that harsive knowledge and experience of the staff who run the world's busiest underground railway.

Knowledge-based computer systems involve programs that model the decision-making processes made by experts. Human decision-making pro-cesses are enhanced by the power of a computer to take into account more facts and to consider more alternatives in a given time than any one expert could accomplish, says Tom Addis, professor of computer science and head of the knowledge systems group at Reading University.

Addis's group is assisting London Underground in find-ing ways of mimicking human behaviour on a computer while using the knowledge of underground staff to formulate a crisis management strategy.

The ultimate result could be

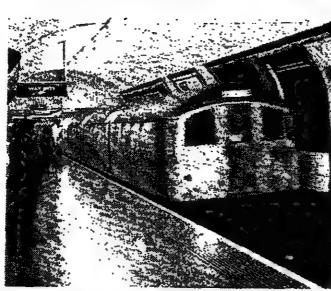
a computer system that would interact with a real crisis as it develops in a station, says Addis, "The objective is to help people make good decisions quickly," he says.

Gardner says the current knowledge-based work "will not automate the manageme of a crisis on the underground. but that certainly is a long-term objective. It has the potential for integration with automated control systems, and could include inputs of real-time information about passenger movements".

A fire could be monitored by the knowledge-based crisis management computer. This could automatically seal off dangerous exits, illuminate signs for safe routes and channel people to safety, while simultaneously instigating fire fighting procedures. "This is possible, but is way down stream at the moment," Gardner says,

At present, staff faced with a crisis use procedures laid down in manuals with pre-set plans. These are drafted to take Lynton McLain reports on steps by London Underground to get to grips with crisis management

Ticket to a safer ride



account of as much collective experience and wisdom of staff at London Underground head-quarters at St James's Park and among the 273 stations on the network.

The manuals are updated continuously in the light of new knowledge and crises such as the King's Cross fire three years ago which killed 31 peo-ple and the subsequent Fennell Report which called for sweeping improvements in safety systems on the underground. London Underground says it will have spent more than £1bn on safety improvements in the subsequent period to 2000. Improvements under way include emergency evacuation and crowd control plans for all stations and measures to increase the capacity of central London stations, so they are

At the moment, it is not known how much of the underground's collective experience is being tapped, nor whether the best knowledge available has been incorporated in the crisis manuals. As Gardner says. "someone may have a

skill, but it may not be known

that he has the skill." One of the aims of the work at Reading University is to help identify the non-obvious knowledge among staff that could be of value in the management of a minimal and the work at the work at the management of a minimal and the work at the could be of value in the management of a crisis. "At present, the knowledge of crisis management is in the heads and minds of the people most concerned with the management of a crisis," says Gardner.

The starting point of the work at Reading has been to investigate factors which affect crowd response in a station in

crowd response in a station in a crisis: to investigate passenger reaction and record the actions of experienced opera-tors in handling a simulated

The information stored in the computer system may be used as a simulator and training aid. It could be tailored to any of the bigger stations on the underground network and used as the basis for training, role playing and evaluation of crisis management strategies by the local management. The first stage of the Reading work has been completed.

On a computer model, small coloured squares represent people moving about a station, seeking tickets, advice, a news-paper, snack or looking for the

paper, snack or moking for the platform or the way out.
This model has been adapted to deal with the monitoring of staff carrying out their duties; the interaction between different crowds with distinct objectives. — a crowd of football sm. tives – a crowd of football sup-porters has different characteristics to an group of orderly Japanese tourists – and the effects of unexpected

events, or crises.
"A crowd model of this kind would indicate the expected would indicate the expected response of a given group or mixture of types of people to a variety of situations," Addis says. "The effects of different station conditions [passages blocked, escalators not working, etc], simulated fires, floods and criminal acts can all be explored."

Such a model and its support system could be used for plan-ning responses to possible crining responses to positive CP ses. It could be used for training staff to cope with a variety of novel situations and it could help in the design and viability of buildings, such as stations, under different conditions, under different conditions. Gardner points out that knowledge-based crisis management could be applied to other organisations subjected to sud-den change, particularly where large numbers of people are

nvolved. Reading University has proposed the creation of a speci-alised knowledge-based "shell" that will model any London Underground station. The shell is a generic programme that will contain information on the electricity, water and gas services involved as well as the means of moving people, such as trains, escalators, stairs and

footpaths.
"The model will be compre hensive. All the characteristics of an individual station will be incorporated, including the skills and psychological poten-tial of individual members of staff, the breadth and conditions for emergency facilities, the chain of command and communications," says Addis. London Underground hope

to use the prototype system for training staff through role playing. Staff would show how they would apply their know-ledge to tackle a crisis, while the knowledge of other experts already input into the system could be passed on to trainers. Addis says that "a crisis will be successfully managed, with the minimum of potential damage, when normality is regained or a stable situation is reached."

The plastic bottle cleans up its act

ALTHOUGH plastic soft drinks isothes are routinely recycled to make items ranging from carpeting to garden furniture, they have never contained recycled materials them-

selves, writes Karen Zagor. The Food and Drug Admin-istration (FDA) in the US has banned using recycled plastic in food packaging for reasons

Now, however, Cocs-Cola and PepsiCo believe they have partners with the technology to produce recycled plastic pure enough to put it is contact with road.

PeneiCo is working with Goodyear Tire & Rubber, which has spent two years developing a recycled resin based on ground "post-con-sumer" soft drink containers. which are depolymentsed. The PET (polyethylene teraphthal-ate) flakes are then repoly-merised and combined with virgin raw materials to lorm

These bottles "will be no different in quality and safety than bottles made entirely with virgin materials," said Jim Stanley, vice president Scientific and Regulatory Alfairs at PepsiCo.

Affairs at Pepsico.

Coca-Cola is working with Hoschet Celanese, which has produced a similar resin using recycled PET to be used in cottles which Coca-Cola plans to introduce in a test market early in 1991.

The FDA is reviewing the process to make sum the new

process to make sure the new bottles meet its safety stan-

Vehicle fleet makes tracks

MOST companies with large vehicles fleats have only two options if they want to know exactly where their drivers are: rely on the imprecise information from the driver: or invest in expensive vehick anvigation systems.

Now a system developed by a Cambridge University lecturer maintains the preci sion while doing away with the expense of a land-based or satelite radio navigation system for tracking the vehicle. Instead, the Curso system uses the existing radio transmitter infrastrucnies - such as the BBC in the UK.

the vehicle incorporate equip-ment which receives the radio programme. The programme

signal is then transmitted on a second hop from the base station to the car (or vice versa), completing the third side of a triangle. By comparing the time the two signals take to reach the vehicle, a series of positions can be cal-culated. By taking similar measurements using two other transmitters the exact location can be pinpointed.

Cursor is being marketed through Cambridge Research and Innovation (Cril).

Angling for a safer catch

THE latest controversy over a fishing vessel being towed under by a nuclear submaring entangled in its trawl not has ocused situation on ways of avoiding similar acci in future, writes Robin Burton The basic problem is that

to send out exploratory sona signals which can be used as an indication of its pres-ence, and instead relies mainly on hearing noises from other vessels. This means that a trawl net, which is normally allent, will not be picked up until it is too late. One solution has been devised in Norway. Sonic equipment made by Sca

of Asgardstrand, and sold in the UK by Scantron of Aberdeen, gets the net to evesi ali.

per that his net is towing at the right angle, the net has transponder devices posiloned at strategic points. These interrogate each other with about the distance between them and then send confirmation to the vessel so that the crew can work out how long it will be before they need to haul their trawl-net.

of this type can cost as much as £15,000, but it would cost perhaps a mere £2,000 to fit single transponder working on a common Nato traquency to warn off an approaching

A combination of old and new

THE latest technologies are being used to preserve and record some at world's oldan

At the British Library a transparent polyester film called Melinex, which usually finds its place wrapped round food packages in the super-market, is being used to pre-serve a collection of medieval

FT LAW REPORTS

Police cannot produce documents

WORTH WATCHING by Della Bradshaw

Chinese manuscripts, discovered in Gobi desert caves, Two sheets of the semirigid film, developed by ICI Films, of Welwyn Garden City, are used to encapsulate the fragments of the manuscripts so that they can be easily handled. The two sheets of film are stitched together around the edge to ensure adequate ventilation reaches

the old documents. The York Archaeological Trust is using the latest multi-media technology to archive what is known about the Viking world. In conjunction with the National Museum of Denmark, it is producing a laser disc containing words pictures and moving images of Viking relics, using equip-ment from VideoLogic of Hertlordshire. The disc will even tually be available to schools museums and libraries.

Papering over the plastic carrier

carrier bag is getting a facelift with a development in Spain both the plastic carrier and the paper one.

Developed by Eurobage Espana, the bags are made of a combination of low- and high-density polyethylene will cellulose. The bags have the attractive look of paper while being tough and waterproof and easy to produce, like plastic bags.

The company is now con-ducting tests to check how degradable the begs are.

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MARCEL AND OTHERS V COMMISSIONER OF POLICE FOR THE METROPOLIS AND the main actions.

Chancery Division: Str Nicolas Browne-Wilkinson, vice-chan-cellor: November 30 1990

DOCUMENTS AND information seized by the police for the purposes of a criminal investigation or prosecution, must not be used for any other purpose. Accordingly, they cannot lawfully be passed on to a party to civil proceedings for use in his litigation, even though without them he will be unable to put his case.

Sir Nicolas Browne-Wilkinson vice-chancellor, so held when granting injunctions to the plaintiffs, Mr David Marcel, Mr plaintiffs, Mr David Marcel, Mr Stephen Morgan and Mr Paul Gunning, restraining the Met-ropolitan Police, Mr Warwick Jaggard and his solicitors, Proctor Gillette, from using documents setsed by the police in a criminal investigation, for the purposes a civil action by Anchor Brewhouse Develop-ments Ltd against Mr Jaggard.

THE VICE-CHANCELLOR said that in two main actions relat-ing to sales of flats in an Anchor Brewhouse dockland development, the defendant, Mr Jaggard aleged fraudulent misrepresentation by Anchor representatives. He applied to reamend his defence and counretainent his detence and com-terclaim in one of the main actions, to raise new allega-tions of fraud against Anchor. The allegations made in those ameniments were based on documents and information obtained from the Metropolitan Police by Mr. Legandinski Police by Mr Jaggard's solici-tors, Proctor Gillette. The documents were seized by the police in the course of investigating allegations of criminal offences by Mr Marcel, Mr Morgan and Mr Gunning, the present plaintiffs, all of whom were closely connected with the closely connected with the development and were Anchor witnesses in the main actions. Mr Marcel, Mr Morgan and

Mr Gunning were all arrested and charged with conspiracy to defraud. Documents were selzed from Mr Marcel's home and office, and from Mr Gunmings's home. None was seized from Mr Morgan directly, but his solicitor was arrested and police seized documents which Mr Morgan said were his property.

The documents were seized

by the police without search warrant under the powers contained in Part II of the Police and Civil Evidence Act 1984.

served on the police to produce the selsed documents at trial of

On the present motion the plaintiffs claimed an injunction restraining the police from dealing with the seized documents save for purposes con-nected with the investigation and prosecution of crime, or in accordance with court order. Against Mr Jaggard and Proctor Gillette the plaintiffs claimed delivery of all copies of the documents, and an order restraining them from using information obtained from the

copies or the documents.

The first question was whether it was lawful, without subpoena, for the police to disclose to third parties documents seized by them under the Act otherwise than for the purpose of investigating and prosecuting crime.

Section 22(2)(a) of the Act provided that anything seized

"for the purposes of a criminal investigation" might be retained "(i) for use as evidence . . . or (ii) for forensic examination or for investigation in connection with an

Although subsection (2) provided useful guidance as to the statutory intention, the Act statutory intention, the Act contained no express provision regulating the purposes for which seized documents could lawfully be used.

However, there manifestly must he some limitation on the purposes for which they could be used. Search and seizure under statutory powers constituted fundamental infringements of the individual's

ments of the individual's immunity from interference by the state with his property and privacy – basic human rights. Where there was a public interest which required impairment of those rights, parliament legislated to permit such impairment. But in the absence of clear words parlia-ment could not be assumed to have legislated to interfere with the individual's basic rights to a greater extent than

was necessary to secure protec-tion of that public interest. Part II had to be interpreted having regard to its subject matter, i.e. conferring police powers for police purposes. Powers conferred for one pur-pose could not lawfully be used for other purposes without giv-ing rise to an abuse of power. Hence in the absence of express provision, the Act could not be taken to authorise the use and disclosure of seized documents for purposes other

than police purposes. Subject to any express statu-

tory provision in other Acts, the police were authorised to seize, retain and use documents, only for public purposes relating to investigation and prosecution of crime and the return of stolen property to the true owner. Investigation and prosecution would normally involve no communication of documents or information to

cation was necessary for the purpose of the investigation and prosecution, it was author-It was not lawful for the police to make the documents

others. However, if communi-

police to make the documents available to Mr Jaggard's solicitors for the private purposes of Mr Jaggard's litigation against Anchor.

The second question was whether the plaintiffs had any right to prevent the use of the documents in the main actions.

The plaintiffs had a corons of

The plaintiffs had a cause of action against Mr Jaggard and his solicitors for breach of confidence. When the police or any other public authority used compulsory powers to obtain information and docu-ments from the citizen, the relationship between them was such that the information or documents were received solely for those purposes for which the power was con-formal furnity invocation the ferred. Equity imposed on the public authority a duty not to disclose them to third parties save under order of the court. It followed that all documents and information dis-closed to Mr Jaggard's solicitor before start of the trial were disclosed in breach of confi-

There were two relevant himitations on the equitable duty of confidence.

First, there could be no breach once the information or documents were in the public domain and confidentiality had disappeared. Documents read in open court lost their confi-dentiality by disclosure. Second, the right to insist on

the duty of confidence was not absolute. Where enforcement of the duty came into conflict with other public interests, the court had to balance the rele-vant factors to see whether that duty was outweighed by the public interest.

In the present case the duty of confidence was in direct con-flict with the public interest in ensuring that all relevant information could be used in evidence in the main actions. The court had no discretion to override legal professional privilege. But in all other instances of conflict of between confidentiality and the public interest, the court had to

weigh the relevant factors to see where the balance of public interest was to be struck. The third question was whether the suppoena against

the police should be set aside.

The subpoena had not been spent. By consent the documents had been lodged with the court. They had not been proved. There was no reason why any person whose legal rights would be interfered with by execution of the subpoens

should not be heard. On one side there was the besic public interest in ensuring a fair trial on full evidence. Anything which prevented full facts coming before the court might lead to injustics through failure to protect litigants' rights. Were Mr Jaggard not permitted to use the documents and information already in his hands or in police hands.

he would be deprived of the right to put his case. On the other side, there was public interest in upholding confidentiality even as between private individuals. It was immensely increased when the information had been obtained by a public authority

using compulsory powers.

If information obtained by the police, the Inland Revenue, Social Security offices, the Health Service and other agoncies, were to be gathered together in one file, the freedom of the individual would be gravely at risk. The dossier of private infor-mation was the badge of the

totalitarian state. The public interest in ensuring that confidential information obtained by public authorities from the citizen under compulsion remained inviolate and uncommunicable to any-one, was of such importance that it admitted of no exceptions and overrode all other

public interests. The injunctions were granted. The subpoena on the police was set aside. The order required delivery up of the documents to the police, not to the plainting.

For the plaintiffs: Alan Newman QC and Paul Epstein (Simons Muirhead & Burton). For Anchor: Terence Etherton QC (Travers Smith Braith-

waite). For the police: Jeremy Gom-pertz QC and Duncan Macleod (Metropolitan Police solicitor). For Mr Jaggard: Daniel Ser ota QC and John R Davies (Proctor Gillette). For the solicitors: Paul Low-enstein (Proctor Gillette).

Rachel Davies

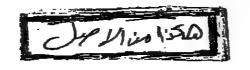


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EMPLOYEE SHARE OWNERSHIP

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FT SURVEYS





WOULD YOU ASK AN AMATEUR WHICH ONE TO CHOOSE?



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Il for tice reform

With 109,000 employees, 12 plants, nine research and development facilities and revenues last year of \$23bn in Europe, IBM towers over its local competitors. Not only can none of them match the trans-European span of its operations, but it outsells all of em even on their home terri-

Sensitive to the highly politicised nature of European mar-kets, IBM has long strived for acceptance as a local citizen at both the national and European Community level. Its efforts were recently rewarded by membership of Jessi, the most important of the EC's

high-technology programmes. However, the advent of 1992 has convinced the company that it needs to up-date its pan-European vision. The result has been an extensive reorganisation of its regional management, intended to equip it to respond to rapidly changing patterns of customer behaviour

in a more integrated market.

IBM's increasing dependence on Europe has lent added impetus. Last year the region, along with the Middle East and Africa, provided 39 per cent of IBM's \$62.7bn worldwide turnover and an astonishing 71 per cent of its \$3.76bn net income.

Though IBM has long manu-factured for the whole of Europe in a few large plants, most downstream business has been handled by a federation of separate "country organisa-tions", each responsible for its national market. But as customers have begun to venture across borders, this patchwork structure has handicapped IBM's ability to follow them.

'It's getting more difficult. Optimisation at the country level might have been wonderful when there were trade barriers and not so much interaction between countries," says David McKinney, the American-born president of IBM Europe. "It is not so wonderful

in today's world. The thrust of the changes which McKinney has spear-headed has been to take pansibilities long exercised by IBM Europe's Paris headquarters and place them directly under the control of the general man-agers of the four largest coun-

try organisations. Cleaver, chairman of IBM UK, has taken charge of IBM in Europe

worldwide to cut costs and get closer to its customers by streamlining bureaucracy and devolving head office functions

to line managers.

IBM Europe in Paris has retained responsibility only for manufacturing, order processing and finance. Its staff is

expected to shrink to 200 to 300

people from 1,700 in the next

two years as jobs are spread out around Europe.

intended to meet objectives

peculiar to Europe. One is to get IBM's country organisa-tions to widen their horizons

beyond their national markets

with their sister companies in

To support customers with

cross-border operations, an

international marketing execu-tive is being set up in each operating unit. It will provide a

single point of contact in the customer's home country and

have clear authority to enlist

the co-operation of other IBM

country organisations.

Mckinney expects the benefits of tighter co-ordination to show up first in better service to small and medium-sized cus-

tomers, many of which have

complained that their efforts to

expand across borders have en hindered by poor commu-

nications between IBM's national units.

made by independent software firms, with which IBM is work-ing closely in an effort to

broaden its access to the mar-

Similar criticisms have been

and co-operate more closely

neighbouring countries.

But the shake-up is also

Regrouping to widen its horizons

Guy de Jonquières and Alan Cane explain the rationale behind the US computer multinational's extensive reorganisation. including moving the headquarters of its communications systems division from New York to London

IBM's European strategy for personal computers and for the banking and financial services sectors, while Hans-Olaf Hen-% Revenues by sector 1989 Total \$62,710 million kel, his counterpart in Germany, has been given similar authority for mainframe com-puters and manufacturing (25.6%) Vaimenance Europe-wide responsibility for telecommunications, main-tenance, software and IBM's internal computing systems has gone to IBM France, while mid-range machines, scientific computers and the government and public sector are con-trolled from Italy. Workstations The reorganisation, announced last July, is partly dictated by IBM's current drive

Revenues by geographic area (\$ milions) \$31,221 \$30,271 \$29,498 60 \$24,271 \$22,555 \$20,596 Middle Enst \$10,661 \$10,875 Asia & Pacific \$8,341 \$6,054 \$4,104 \$7 283



with IBM on a pan-European basis has been a nightmare," says one. "You go through end-less negotiations and end up in frustrated disappointment."

(13.1%)

IBM has long spared its most prized customers these trials by assigning to them an account manager responsible for their worldwide business. But McKinney expects the reorganisation also to benefit large companies such as Volvo, the Swedish carmaker, which has been pressing IBM to provide it with one bill, denominated the companies of the companies o nated in one currency, for all its European operations and to make its contracts enforceable across borders

How well the new system works will depend critically on personal relations between the four general managers with Europe-wide responsibilities who sit on a European manage-ment board created 18 months

ago.
"What I think is going to happen over time is that this European management team. with peers measuring and sup-porting each other, is going to have a little different chemistry," he says. "Instead of saying (to IBM Europe), this is a crazy strategy you have, they will be talking to each other about their joint strategies."

His confidence is based partly on the fact that the four general managers were closely involved from the outset in planning the reorganisation and in sharing out Europe-wide responsibilities.

The allocation broadly reflects the relative strength of national markets for specific products and services, and of the particular expertise of the local IBM organisations. However, McKinney admits that "there were some very close calls. Some country general managers said, I think I would be best at that' – and no other country thought so." Assigning responsibility for elecommunications appears to

(9.3%)

(13.4%)

Peripherals (17.6%)

have been particularly tricky. France won it because, histori-cally, most of IBM's European technical resources in the industry have been based there. Yet Britain's telecommunications market is far more developed - as recognised by IBM's decision this week to move its worldwide Communications Systems headquarters to the UK, in spite of strong

representations by IBM France.
The "European" general managers have a strong financial motivation to achieve results. As much as 40 per cent of their pay depends on how well they perform their new responsibilities, measured by IBM's pan-European market

and service quality. Their recently acquired European support staffs are also on incentive schemes.

McKinney insists the single most important determinant of success will be choosing the right people for the top jobs: "People and their motivations are much more important than organisation structure. If peo-ple don't work well together, they can foul up the most per-fect organisation."

Tony Cleaver, who aims to spend one day a week on his European responsibilities, says much will depend on a shared sense of inter-dependence. He expects colleagues in IBM Ger-many, for instance, to support industrial customers in Britain because they need IBM UK's expertise in personal computers and financial services.

But can IBM manage to "Europeanise" its country organisations, without blurring their focus on national marhets or weakening the intense rivalry which keeps them striv-ing to out-perform each other? "It's a good question," says McKinney. "Ask me in a year. This will have tensions that go

both ways. As this develops, we will learn more about it as we go. We're inventing it as we go, on the fly. We just started in July ..."

Creating a bridgehead

BM has been planning for some years to underline its international credentials by moving responsibility for a principal line of business to a European country from the US. Its dilemma until the past three months was which line of business and when?

fine of business and when?

The decision, announced sarier this week, to shift the headquarters of its communications systems division from Somers, New York, to a site near London in the UK is underpinned by a matrix of political, commercial and technological considerations in which the single European warket after 1992 and the market after 1992 and the opening up of eastern Europe are major elements. Just as important is the shock-wave of

tion spreading across Europe from its epicentre in the UK. With the move, IBM has both strengthened its claims to be a truly global operation and established a bridgehead in a fast developing and strategi-cally vital telecommunications market.

"Line of business" is the way IBM describes its product development organisations. It had six to choose from in electing a candidate for

Europe: large computers, midrange computers, personal computers, software, technology and communications.

Executives in the line of business organisations are charged with determining which products will satisfy IBM's customers' requirements in specific geographic

Their remit is worldwide; their responsibility is to co-or-dinate product planning with the operations of IRM's devel-opment laboratories and manacturing sites to ensure that national marketing organisa-tions have access to the most appropriate equipment.

It is IBM's answer to the dilemma of trading locally while manufacturing globally. Products are rarely unique; they are tailored for specific

Rlien Hancock, general manager of communications systems (CS), who will be mov-ing to London early next year to establish the new headquarters, describes the organisa-tion's global mission: "We have more than 12,000 employees throughout the world in locations such as our development laboratories in La Gaude, France; in Hursley,

near Winchester in the UK; in Raleigh. North Carolina; and our newest laboratory in

Rome, Italy."

CS is responsible for a range of hardware and software which enables customers to build and manage computer networks. Large companies worldwide increasingly realise that their ability to remain competitive in global markets depends on the efficiency with which they are able to gather and transmit information throughout their organisation.

IBM's CS line of business already turns over about 310bn a year, about one sixth of the company's total busi-ness. While corporate com-puter networking in the US is well established, it is at a ploneering stage in Europe, ham-pered both by differing tele-communications standards and lack of networking experi-

CS also has responsibility for value-added network services and for voice-and-data telecommunications, a new market sector where IBM has powerful ambitions.

Neither product development nor production will be affected by the relocation of CS to the UK. The move will involve simply the transfer of about 120 US executives from Somers, New York, to new offices near Brentford, on Lon-

don's outskirts.
How, then, does moving CS
headquarters fit in with IBM's long-term plans for manage-ment of its increasingly impor-tant European operations? Europe is much more fertile

ground for telecommunication opportunities than the US where the telecommunications market has been liberalised for the past seven years. IBM's method of connecting its com-puters together - SNA is a de facto standard.

Furthermore, the US repremunications environment unlike Europe where different interconnection standards add substantially to the complexity of computer and voice com-

The European telecommunications market is distin-guished by a pioneering posi-tion in international standards including Open Systems Inter-connection (OSI) for computer systems and Integrated Services Digital Networking (ISDN) for voice and data telephony. With the UK in the vanguard, the European telemunication authorities are yielding up their monopolistic

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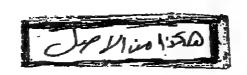
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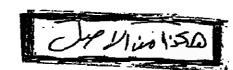
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THE PROPERTY MARKET

Debut of a new unit trust

By Vanessa Houlder

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profession statement

IF PROPERTY remains an illiquid market, it is not for want of trying to improve

liquidity.

The problem was addressed in the 1980s through the introduction of new instruments bearing the faintly ludicrous names of PINCs, SPOTs and SAPCOs (property income cer-tificates, single-property ownership trusts and single-asset property companies, respec-tively.) These allowed inves-tors to take shares in buildings but, for the most part, they

never got very far.

Another proposal – for authorised property unit trusts (APUTs) – is now about to be introduced. The trusts may improve liquidity, but the industry is not holding its

The prospects for APUTs were boosted this week by the publication of a new consultative paper by the Securities and investments Board. This proposed a new type of unit trust, which could invest in commercial and residential buildings, land and property shares. Unlike existing property unit trusts, which are used by tax-exempt pension funds, these will be available to the private investor.

The APUTs are making a late appearance. Unauthorised property trusts were invented in the mid-1960s and property bonds, which are operated by insurance companies, came into force 15 years ago. The delayed debut of APUTs can be blamed on the tax regime, which subjected unit holders to some double taxation.

That changed with the Finance Acts of 1989 and 1990, which eradicated the authorised unit trusts' tax disadvantages. Indeed, in some ways, such as their ability to realise investments and and reinvest proceeds without suffering a tax charge, APUTs may even be at a tax advantage over direct investment. It is a very good regime from the tax and legal point of view," says
David Sproul, a senior tax
manager at Arthur Anderson.
Unless there are serious
objections to the consultation

paper, APUTs will get the go-ahead in early spring. A handful of trusts are then expected to be launched by institutions, some in partnership with chartered surveyors. Not everyone believes their success is assured. Given the underperformance of property and the difficulties of the resi-



Midland Montagu House, which Midland Montagu bought in 1989 from a single-asset property company. Now another new instrument — the authorised property unit trust is about to make its appearance in the market

dential sector, Savills, the surveyors, says "it does not ear to us to be a good time to launch these trusts'

That said, some institutions may consider the slump in the market to be more of an opportunity than a threat. Unit trusts may try to sell themselves as vulture funds, offering a chance to get in at the bottom of the market. That claim, though, might sit uneasily with the unit trusts' traditional selling-point, which is that they spread and so reduce

investment risk.

Another worry concerns liquidity. Confidence in unit trusts was severely dented in the 1987 stockmarket crash,

when investors found they could not bail out of unit trusts because the funds were unable to sell their shares fast enough. This type of problem could be commonplace with APUTs, given an illiquid market.

The experience of Rodamco, the world's fourth largest property fund, may hold some lessons. With two-thirds of its portfolio in US and UK prop-erty, it suffered falling asset values and a flood of redemptions. In September, the "bot-tom of the vaults came into view" and it dismayed the Amsterdam bourse by stopping buying back shares at net asset value. The SIB recognises that there may be a problem.

APUTs will be allowed to invest up to 35 per cent of their portfolio in gilts, to ease liquidity. It may also restrict single holdings to 10 per cent. If there is a liquidity problem, managers will be able to apply to the SIB for extra time over and above the one-month period already allowed.

The new trusts may face other concerns. They will be exposed to the subjective nature of valuations in a slowmature of variations in a slow-moving market. However, the SIB's proposals were mostly well received. Compared with the taxation, regulation and marketing obstacles faced by other instruments, APUTs are being given a good start.

Valuation discrepancies cause dissension

By Richard Gourlay

WITH professional valuers already groping for clues as to how far property prices have fallen, an increasingly public row has started to echo around the world of chartered surveyors, further undermining confidence in the art of valuation. The controversy surrounding

two hugely different valuations of five London restaurants owned by Scotts, the London based restaurant chain, has led to Baker Lorenz, the chartered surveyors, accusing the profes-sion's governing body of bringing valuation into disrepute. That body – the Royal Institu-tion of Chartered Surveyors – while claiming that valuations rarely differ by a factor of nearly three, as in this case, admits that valuations can sometimes be all things to all men because they ultimately concern matters of opinion. The valuation of the restau-

rant properties is particularly contentious because it determined the terms of a merger with BS group, the property group, which was approved after anguished cries from minority BS shareholders last

The "official" valuation from Baker Lorenz, which was retained by BS and Scotts, placed a value of £6.4m on the restaurants; de Morgan, not take into account the pre another chartered surveyor firm retained by a group of minority shareholders for BS, came up with a value of £2.3m.

Had a lower valuation of the restaurants been used, BS shareholders would have had to part with fewer of their shares for each Scotts share than the four-for-one swap finally approved.

Fanning the flames of the controversy was the RICS statement that both valuers had valued the properties on the same basis and in accordance with the guidelines laid down in its "Red Book". While the valuations "guess mobile" the valuations "were wholly attributable to a difference of valuation opinion", the differ-ence was significantly greater than it should have been.
This appears to have been

This appears to have been little comfort to those professionals who rely on professional valuations, for example for security on loans, and sparked some comments from analysts that their security might not be worth the paper the chartered surveyor's opinion was written on. ion was written on.

It also prompted Baker Lorenz to write to the RICS General Practice Division claiming de Morgan only capi-talised profit rentals and did miums that restaurants pay for

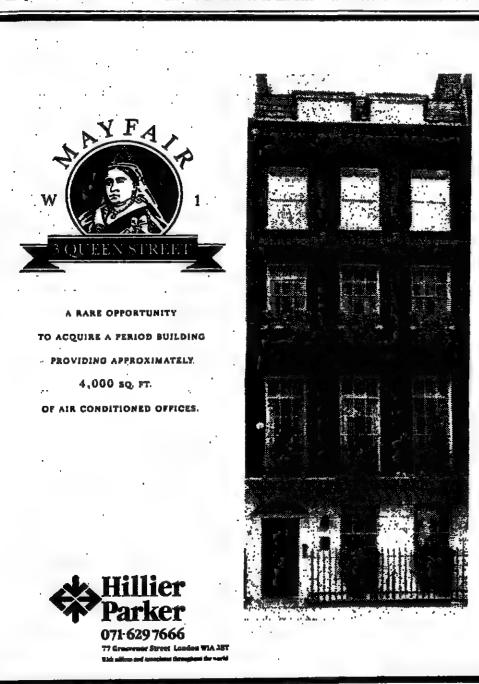
running a high-class site.

The response from de Morgan has been that it stands by its valuation, and that it was prepared to have had it examined by an independent arbitrator before the merger.

Should the new year see a return to takeovers of property

companies, differences of such magnitude could well become more commonplace and with far larger deals at stake, some analysts say.

A puzzling epilogue to this squabble came in a letter to the November 3 edition of the Estates Gazette, the trade publication, from Mr Tony Lorenz, senior partner at Baker Lorenz eight days after his firm valued Scotts. In an argument based on the £85 a square foot paid by McDonalds for its new site in Leicester square, Mr Lorenz argues that valuers should no longer be allowed to compare the rents of fast-food take-aways in their valuations of high-class restaurants. "Unfortunately, the current rent review rules lead to an artificially inflated market, where the hamburger reigns supreme and the high-class restaurant balances on the edge of oblivion," concludes Mr Lorenz.



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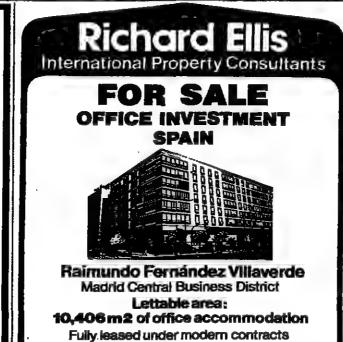
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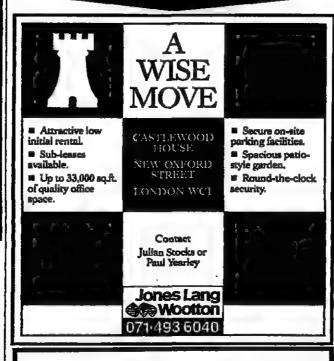
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THEATRE

The Reisearsal (Garrick), Jean Anouilh's play directed by Ian McDiarmid with costumes by per Conran in a production reviews (071 379 6107).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's intimate chamber operetts derived from David Garnett's 1955 povella is musically interesting and well directed by Trevor Nunn. (639 5972). Hamlet (Lyric Hammersmith). Cheek by Jowl's idiosyncratic roduction, directed by Declan Jonnellan (071 839 2244). Donnellan (671 839 2244). Man of the Moment (Globe). Nigel Planer and Gareth Hunt Nigel Planer and Gareta About in an Alan Ayekbourn play about media manipulation (437 3667). Miss Saigon (Drury Lane). Spec-

OPERA AND BALLET

Royal Opera, Covent Garden, A new production by Adolf Dre-sen of Fidelio conducted by Christoph von Dohnanyi. English National Opera, Coli-seum. Cost fan tutte, in John Cox's stylish 1980 production, returns with a new cast, led by Rito Cullis and Glenn Winsla Further performances of the new double bill - Delius's Fenningre and Gerda, Puccini's Gianni Schiechi - conducted by Charles Mackerras, produced by Julia Ballet. The Royal Ballet presents den: also La Bauadère.

Josef Nadi and his Theatre jel come with a surrealistic pre-miere of Comedia Tempio. Theatre de La Ville (42742377). Choreography by Balanchine, Lubovitch, Garnier, Kylian to music by Stravinsky, Pache and Janáček. Opéra Palais Garnier (47:25371). Opėra. Plagued by strikes, the controversial opera's Otelio prod-uction is followed by Figaro's Hochzell conducted by Gabriele

Ferro, Bastillo Opéra (40011616).

Koninklijke Vlaamse Opera. Royal Flanders Opera in Van Gogh. Un Malkeureuz eetu de norr by Jan van Vlijmen, con-ducted by Reinbert de Leeuw.

American GI and a Vietnamese girl during the fall of Saigon in 1975 (071 836 8108). Into The Woods (Phoenix) Julia Mckenzie shines as the witch in Stephen Sondheim's compendium of fairy tales. The title song is more memorable than a storyline that descends into recrimination and choos as the characters' dreams turn sour (867 1004). Cats (New London). The formula of T.S. Ellot words, Lloyd Webber music and feline dance has made this Britain's longest running musical (405 0072).

The Rocky Horror Show (Picca-dilly). Revival of the 1970s classic, directed by Robin Lefevre

Falsettoland (Lucille Lortel). It will be known as the first musical about Aids hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitzvah and his parents, all three of them (924 8782).

Les Misérables (Broadway). The magnificent experience of Victor magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway

ns in pageantry and drame 239 6200). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, *Phantom* rocks with Andrew Lloyd Webber's haunt-

Antwern

De Singel. Monnale Opera in Mefistofele by Arrigo Bolto (con-cert version), conducted by Emil Tchakarov. (03-248 38 00).

Gran Teatre del Licen. Uwe Mund conducts Wagner's *Die*Walkilre, with a cast led by Montserrat Caballe and Johann

Meier, Ends December 17 (412 Teatro Dell'Opera. Season op in style with a new production of Toscz by Mauro Bolognini. of Tosca by Mauro Bolognini,
Luciano Pavarotti sings Cavaradossi to Raina Kabalvandor's
Tosca, with Ingvar Wixell taking
the part of Scarpia, conducted
by Daniel Oren (80.91.26).
Teatro Olimpico. Two chamber
operas: Denys le Tiran' by AndréGretry and Il Carillon del
Gesuita' by Paolo Arca, both
designed and produced by Sta-

signed and produced by Ste with an old favourite, Mascagni's Cavalleria Rusticana, with Shirley Verrett, teamed with a film, Rapsodia Satanica by Nino Oxilia to Mascagni's music (797M12).

Teatro Alla Scala, Riccardo Muti opens the new season conducting Roberto de Sinone's production of Mozart's *Idomeneo*, designed Washington

Grazd Hotel, the Musical (Opera House). Tommy Tune's five Tony award winning musical stars Liliane Monte remake of the Garbo film that recreates decadent, dark and dramatic Berlin of the 1830s. Kennedy Centre (468 4600).

Chicago Other People's Money (Royal George). Corporate takeover artist Larry "the Liquidator" Gar-

finkle is played for all his mis-chievous werst by Peter Van Wagner in Jerry Stern's funny view of contemporary finance, (368 9000). Phantom of the Opera (Auditorium). The midwestern produc-tion stars Karen Culliver surrounded by the familiar chandeller and other benvy duty

props in a full blown staging (901 1919). A Christmus Carol (Goodman). William J. Norris returns for his 12th season as Scrooge (443 3800).

Tokyo

Kabuki: Performances at Kabu adduct: Performances at Kabli-ki-za centre around a name-tak-ing ceremony for the actor Sen-jaku, who follows in his father's footsteps to become Ganjiro III. Both performances (11am, 4.30pm) are mixed programmes, combining drams spectacle. combining drama, spectacle, song and dance. Earphone guide in English and English-language

Teatro La Fenice. A co-produc-tion with the Teatro di Monte-carlo of Pier Luigi Pizzi's produc-tion of Verdi's La traviata, conducted by Roberto Abbado.

New York

Metropolitan Opera. John
Copley's new production of Rossini's Semiramide conducted by
James Conlon, who also conducts
Salome in Nikolaus Lehnhoff's
production. Julius Rudel conducts Dino Yannopoulos's production of Giordano's Andrea
Chenier. (382 6000).
New York City Ballet. The Nutcrocker takes over for its annual
appearances. New York State
Theatre, Lincoln Center (496
5000).

Lyric Opera. Tatiana Troyance has the tile role in Cormen with Neil Shicoff as Don Jose, conducted by Eduardo Mata. Leo Nucci sings the tile role of Rigoletto in Sandro Sequi's production conducted by John Flore. Civic Opera House (332 2244).

Washington Dance (Terrace Theatra). Local choreographers/ dancers Johne Forges, Nahagh-ana Shyam Singha and Liz Ler-man appear in the fifth annual celebration of Washington dance (Thur). Kennedy Center (487

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London Hayward. Jasper Johns. Retrospective of the American artist, South Bank, Daily: Late closing Tue and Wed. Until Feb-

Royal Academy. Egon Schiele Advantage of the contemporaries of the conte

Carte musées et monuments sold in museums and metro stations enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles. Grand Palais. Simon Vouet (1590-1649). The exhibition brings

together paintings, drawings and tapestries by the Paris-born artist whose vast compositions decorated palaces and churches at the time of Louis XIII and Richelieu. Having returned from Italy inspired both by Caravagitaly inspired both by Caravaggio's realism and by the Venitians' luminosity of colour,
Simon Vouet's influence spread
through his pupils beyond his
time and across frontiers. Closed
Tue; Wed late closing night,
Until February 13.
Musée d'Orsay. From Manet to
Monet. The missum's acquis-

Monet. The miseum's acquis-tions over the last seven years comprise paintings and draw-ings, photographs and furniture with an exceptional ensemb of Galié vases. Rue Bellecha 40494814. Closed Mon. Ends March 10.

ofres d'Egypte. The exhibition pays homage to Champollion for elucidating the mystery of hieroglyphs crucial to egyptology. 58, rue Richelieu. Ends March 17. Louvre. Recent acquisitions of the Department of Objets d'Art.136 exhibits of medieval tvories and goldsmiths' work.

of renaissance bronzes, e and majolicas and of 18th cen-tury furniture, tapestries and porcelain - many of which are porcessing — many or which are royal gifts or royal possessions — have come to enrich and to complete the museum's collec-tions. Hall Napoleon, closed Tue, ends January 21. Galerie Daniel Malingue, Maitres donistes et mod

impressionistes et modernes.
From a Pissarro gouache showing in hazy blues, greens and
greys two women returning from
the fields to a pleasing Berthe
Morisot portrait of young girls
framed in an open window, from
white-toned Utrillos catching
the essence of Montmartre to
the poetry of Min's flying star. the poetry of Miro's flying star. Daniel Malingue has assembled works of rare quality to represent his favourite period. 26, ave Matignon (42666033). Open all days except Sun, Mon mornings and hunchtimes. Ends December

Musée Marmotian. Goya.

Monet's museum plays host to
four cycles of 218 engravings
by Goya on loan from the Fundation Juan Marcha. There are
masterful renderings of bullfishts. of Jachemys men celling fights, of lecherous men ogling young beauties abetted by harri-

dans, there are monsters born from Goya's nightmarish imagi-nation and — quite contemporary in their brutality – scenes of war and repression. 2, Rue Louis Boilly, Closed Mon (42240702). Gelerie Maurice Garnier, Ber-nard Buffet – La Bretagne. In

his unmistakable spiky hand-writing, the painter beloved by the Japanese, pays homage to Brittany's ports and beaches. 6, Ave Matignon (42256165). Closed Sun, Mon and Innehtimes.

Maractan's Monets. For lovers
of impressionism, the Musée Marmottan is a must. A charm blue period and ends with the observe erotic works of Picasing town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends.

Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life, his garden in Giv-erny became his great inspira-tion. In glowing colours and changing light he painted its Japanese bridge and weeping willows. Musee Marmottan, 2 rue Louis-Boilly, closed Mon.
Andre Masso. An exhibition
astoundingly rich in the quantity and quality of works summing up Masson's oeuvre. He moves quickly from gentle Cubist begin-nings to flame-like nudes, from a symbolist mood to erotic vio lence expressed in an explosion of turbulent reds. Galerie Odermati-Cazeu. 85 bis, Rue du Fau-bourg Saint-Honoré (4268258). Musée des Arts Decoratifs. Pan-eramic wallpapers. If a wealthy Franch bourgeois of the 19th century felt the need for chan-

century left the need for chan-gein his comfortable but some-what boring life, a panoramic decor covering the walls of his salon would instantly transport him to an exotic scene. There was an endless choice of subject and locations -- Peru with lush palm trees, cruseders liberating Jerusalem or the 1830 barricades in Paris. 107, Rue de Rivoli (42663214), closed Mon. Tue. Ends

Jamary 31. Louvre. Euphronics. Some 60 objects, craters, amphoras and bowls testify to the art of Euphronics, painter and potter in the 6th century BC in Athens, in mastering the technique of red figures on black background. Euphronios and his friends of Euphronics and his friends of the Pioneers Group brought invention and originality to their representations of mythological subjects and scenes from every-day life. Open all days from 12 am to 10 pm, except Tue. Ends December 31 (40205166). Haboldt and Co. The newly opened gallery presents in its

openen gallery presents in the luxurious setting a selection of old masters from Holland, Ger-many, France, Belgium and Italy with names as diverse as Ter Borch and Canaletto, Boucher and Tiepolo. 137, Fbg. St Honoré (4259591). Galerie du Carrousel, 19th cen-tury French masters. There are some remarkable small bronzes by Degas and Daumier, there are two or three oils, but the spaciality of this small left-bank gallery remain drawings by the Ecole de Barbizon. Precursors of the impressionists, the Barbi-

demic conventions and romantic dramatisation in favour of a sim-ple, realistic vision of nature. 11, Quai Voltaire (426) 1075). Closed Sun and Mon. Grand Palsis. Picasso. A portrait of Jacqueline Picasso with her hands crossed round her knees is the symbol and the central point of an exhibition of 47 paint-ings, two sculptures, 40 draw-ings, 24 sketchbooks, 19 caramics and 24 engravings and litho-graphs which have come to enrich, in lieu of death duties, the French national collections. The exhibition begins with the

so's last 10 years. A period whose importance has only recently been recognised. Closed Tue, late closing Wed.

Brussels Musée d'Exelles. L'Impression-isme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artista fol-lowed the lead of French impres-tant and German compositories sowed the lead of French impres-sionists and German expression-ists, others such as Claus, Stobbeerts, Wouters have a dis-tinct and increasingly valued style of their own. The finest show seen in Brussels for some time. Closed Man. and a Decem-ber 15

Galerie Isy Brachot. An exhibi-Galerie isy Brachot. An exhibi-tion to celebrate its 75th anniver-sary: contemporary paintings. Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development. Daily. Palats des Beaux. Arts. 5 million years: The Human Adventure.
Man's evolution seen through
200 Paleontological exhibits.
Daily, ends December 30.
Musée d'Art Moderne. The Gold-schmidt Collection of modern paintings recently left to the museum is on view in its entirety for the first time. Works by Bra-que, Chagali, Hockney, Klee, Miro and others. Place Royale.

io. Musées Royaux d'Art et d'Als-toire. Inca-Peru an exhibition that traces the evolution and decline of the Inca cultura through 450 artefacts. Closed Monday, ends December 31.

Closed Monday, ends December

Manufrid

Centro de Arte Reina Solia. After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Puture: Italian art 1900-1904 s the most comprehe organised to date on 20th century

undoubtedly the most important retrospective organised to date of this Swiss artist's work. Some 300 works are on show including drawings, paintings and sculp-tures — helf of these have never been publicly exhibited before. Fundacion Juan March. Cars. Andy Warhol's unfinished series on the centenary of the invention of the automobile, on loan from Delinier-Bens in Stuttgart.

The Cambo Legacy. Francesc Cambo, Catalan financier and politician, was also the owner of a magnificent private collec-tion of paintings, built up between 1927 and the Spanish civil war. Intended from the beginning to enrich eventually the collections of the Prado and Museo de Cataluna and to fill in their artistic gaps, paying par ticular attention to Italian renais sance art: Botticelli, Titian, Tin-toretto, Verones, Sebastiano del Piombo, Perugino, Goya, el Greco, Zurbaran, Rubens, Museo del Prado. Ends Decamber.

Barcelona

Museo de arte Moderno. Modernism. A comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist off Barcelona's rich modernas inheritance in all its different aspects: including painting, post ers, jewellery, furniture, stained glass, wrought from and caram-ics. Many of the items on show ics. Many of the nems on show belong to private collections and have never been publicly exhibited before, others are museum pieces which have been specially restored for the occasion. An additional suggestion would be to walk around Barcelona's modernist area in order to admire some of its work important moderness.

some of its most important mon-ernist facades.

Museo Picasso. Homage to Jac-queline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso, they married in 1958. The exhibition brings together some 150 works including por-tants exhibition surgestives. traits, paintings, sculptures, prints and pottery, in an imp tant retrospective of the last 20 years of Picasso's artistic life and a homage to his favourite model. Ends January.

American Academy: Giovanni American Academy: Glovanin Battista Piranesi: 135 engravings of Rome, made around 1770, the year of Piranesi's first visit to Rome, and the beginning of his iong love-affair with the city. Recently acquired by the Arthur Ross foundation, this group of accounting includes a council. engravings includes a remark-able view of the Colosseum, seen from high on the outer wall, the city's grand barroup palaces seen from surprising angles and with dramatic light effects which make them almost sinister, and detailed accounts of the four main basilicas of Christian Rome, Ends December 16. Spanish Academy. Small but delightful exhibition of works

lent by the Barcelona Museum at present undergoing restora-tion. All the works are of high quality, and offer astonishin contrasts of style from Zurb an's sugary charm to El Greco's flerte mysticism. Included are two Italian works: Tinturetho's Portrait of a Gentleman and Bassano's Crucifixion, Ends Jan 9.

Kronprimenpalais, unter den Linden. The Kronprinzenpalais, reopens with an exhibition Poland, Time and Art. Right Pol-

ish artists, born between 1945-1961, show 60 works, most of them covering the last three years. Ends Dec 14.

Staedel Museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. For the opening ceremony there are four special exhibitions on the ground floor concentrating on Max Beckmann with works which have only be seen before in Leipzig, the hometown of the painter. Among the other artists are the American sculptors Rich are the American schiptors Richard Serra, Amselm Kiefer aswell as sculptures in the garden by Per Kirkeby. Staedel, Schaumain kai 63. Ends January.

Bremen To commemorate the 100th anniversary of the constructivist painter Walter Drexel a retro-spective is being held. He worked as painter, advertising manager and teacher. Ends January 13. Kunsthalle am Wall 207.

New York

Brooklyn Museum. From pasto-ral landscapes to moonstruck mature fantasies, this compre-hensive exhibit makes the claim for Albert Pinkham Ryder as

painter. Metropolitan Museum. Mexican art from pre-Columbian handi-crafts to modern murals includes than 300 works covering 30 cen-

Douglas Drake Gallery. David Hockney prints and photographs. 50 W 57th St. lar Culture may have too broad a theme in highlighting common

objects, like newspaper frag-ments in Cubist works, in 20th-

ments in Curist works, it acti-century art, but it brings together a wide range of works by Dubuffet, Duchamp, Picasso, Warhol, Lichtenstein, among

National Gallery. The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces borrowed from around the world and mixed with the gallery's own fine collection. Ends Veb 24.

Art Institute. One of Chicago's most noted contemporary artists returns home when Ed Paachle's ravelling exhibit, which first appeared at the Pompidou Centre

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appeared at the Foliphoni Center last year, arrives with 47 of the painter's day-glo portraits and landscapes. Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, represents and records nentos and personal effects of the Great Emancipator. Terra Museum of American Art. Winslow Homer in the 1990s focuses on the artist's Maine landscapes done at Prout's Neck. 664 N. Michigan Av.

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The modeller who met his Waterloo

Patricia Morison on images of war at the National Army and Imperial War museums

istorical models are admittedly a minority taste. However, I have developed a However, I have developed unfashionable objects ever since talking my way into a locked room at the my way into a locked room at the Archaeological Museum in Naples where there is a fantastic model of Pompeii, carved out of cork. The lumber-rooms of our museums are full of crumbling miniature worlds, Roman villas and cities, cathedrals with pinnacles mantled by dust. Captain Siborne's Waterloo Model is one such Lilliputian achievement. After 30 years

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Chicago

Siborne's Waterloo Model is one such Lilliputian achievement. After 30 years in store, it has returned as centrepiece of The Road to Waterloo, the new permanent exhibition at the National Army Museum in Chelsea (071-730-0717). Captain William Siborne began his huge model, 420 square feet of plaster, in 1830 with money pledged by the Commander in Chief. It must have seemed a fine idea. Fifteen years after the Battle of Waterloo, public interest was still intense. Moreover, any tourist was still intense. Moreover, any tourist could see that the landscape of the epic contest of June 18, 1815, was changing. New houses were being built, and in 1826 the government of the United Netherlands in a mood of ebullient patriotism created the Butte du Lion, a huge mound to mark the spot where Prince William of Orange was wounded. Siborne convinced his superiors that a model was the answer. He was an expert surveyor, so for nine months he stayed at a farmhouse charting every undulation of the battlefield. Then he sent out a questionnaire to British officers asking for recollections of the scene when the battle was at its climar. Neither the Prussian allies nor the French were invited to contribute.

French were invited to contribute. Indeed, Siborne left off the stretch of terrain which would have shown most of the Prussian lines. His was a thoroughly British view of the battle. Be that as it may, the model is fascinating and made with military precision. The 75,000 tin soldiers represent half the real number of combatants. They stand only 7 millimetres high so that at first sight they are lost in the landscape. So, to, are the corpses, of which there should by rights be some 39,000. You can just



Corporal John McCain, 5th Dragoon Guards cl832, by A-J **Dubois Drahonet**

pick out Napoleon, on his white

charger. Siborne was a better modeller than a businessman. Three years into his project, the Army cut off funding to the model. He was determined to continue at his own expense, but when he at full own expense, but when he eventually unveiled the model to the public at the Egyptisn Hall in Plccadilly, the takings barely covered the cost of the exhibition. Sihorne concluded that what the public really wanted was more models of the battle, smaller and on a larger scale. Unsurprisingly, when Sihorne died in 1849 he was a ruined man, a marry to 1849 he was a ruined man, a martyr to the cause of miniaturism.

As for The Road to Waterloo itself, this is a worthy destination for a Christmas holiday route march with the children. In a low-key way, the National Army Museum has done well

and Haroque opera, yet with no disjunctions of style. It is visually exquisite, Craig Givens' clothes both elegant

and ravishing; his setting, with its simple balustrade,

an electronic score, by Ian

Dearden, as alert to period contrasts and harmonies as

the choreography. There results a retelling of the myth

that is piercingly apt, and no less piercingly beautiful, as two theatrical languages unite

Performances are magnificent: Kenneth Tharp

Tracey Fitzgerald radiantly

pure as Eurydice and David Hughes innocent and ardent

commanding Apollo. Brandstrup's dances, moving

as Orfeo; Jonathan Lunn a

from noble pose to fluent

action - Eurydice dying as a flower dies, folding in on

herself; Death a prowiing presence, poised for the kill bring a seamless and

heart-touching union to gesture and step. It is a work

wherein imagination and expression have been perfectly

tuned. It should be seen -

it remains in the repertory

until Saturday - and it must, surely, be recorded for

a beast of prey as Death;

in purpose and grace.

economical and poetic. It has

disembodied voice tells us that in 1811, the British Army lost 23,000 men, of whom only 3,000 died in battle, the rest perished from hardship and disease.

Only the officers' uniforms have survived so the other ranks uniform is a recreation, muddied and torn to bring home the discomfort of it all. For that matter, officers also looked shambolic away from the mess-room and parade-ground. A full-sized reconstruction of a dragoons officer at Waterloo shows him with a muddy coat and leather trousers - uniforms had to be paid for out of an officer's pocket. It rained heavily before the battle and the umbrella over the officer's arm is not curatorial license. Wellington reprimanded officers for carrying umbrellas and making themselves umbrellas and making themselves ridiculous in sight of the enemy French. The skeleton of Marengo, Napoleon's Arab grey, stands hunched in his glass case and missing a couple of hoofs. Marengo survived Waterloo and was put out to stud at Ely in Cambridgeshire. It appears that the stress of carrying the Hegelian "world spirit" into defeat had affected his constitution. Marengy's notency was constitution. Marengo's potency was

A rather effective model of a lady with a wounded soldier on her back refers to the story of a Mrs Skiddy, who carried her soldier husband on the retreat from Burgos in 1812. It seems retreat from Burgos in 1812. It seems that, pace innumerable historical novels, working class women could with complete respeciability accompany the British Army overseas. Every company of 100 men was allowed to take 16 wives. A hallot was held on the quayside just as the troops were about to embark, in an effort to prevent men who drew the wrong piece of paper from taking to their heels.

Those with a passion for uniforms, which does not include your reviewer, will want to see the other exhibition at the National Army Museum (13 December to 10 March); British Military paintings by Alexandre-Jean Dubois Drahonet. He was a pupil of ingres, commissioned to peint what were in effect military pin-ups for King William IV. A search through the Public Record

dismal.

with its vignettes of a soldiering life. A Office has uncovered all manner of unsavoury details about the lives and times of Drahonet's sitters. As for the paintings, Drahonet's first exhibition in this country, suffice it to say that their chief point of interest is that the Queen still has them hanging in the Private Apartments in Windsor.

> At the Imperial War Museum in At the Imperial War Museum in Lambeth, The Half-Used Life is a small exhibition honouring the centenary of Isaac Rosenberg's birth. Over the last four decades Rosenberg has come to be widely regarded as the finest of the First World War poets. This is essentially a literary exhibition, with the manuscripts the most interesting the manuscripts the most interesting things in it.

> Rosenberg was born in 1890, the sons of Latvian immigrants who moved to the Rast End. His early paintings are muddy and dull. His competence was muddy and dull. His competence was much greater by 1915, when he painted a series of self-portraits showing a tense, even hostile young man. He hoped to earn a living from portraiture. After all, there were Jewish artists who prospered mightly, like Solomon J. Solomon, subject of a retrospective at the Ben Uri Gallery in London last month.

> month.
>
> However, Rosenberg was an outsider, working class, Jewish, and weak-chested into the bargain. In the summer of 1915 he enlisted, not out of patriotism for a country which inspired no deep affection in him, but because he could send half his soldier's pay home to family.
>
> In pencil, on precious acrays of paper.

home to family.

In pencil, on precious scraps of paper, Rosenberg struggled to write poems adequate for the horror of the war. He rejected the "begloried sonnets" of Rupert Brooke, a symbol of patriotic self-sacrifice from his death in 1914. Instead he wrote that he was looking for a style which would be "colder, more abstract, with less of the million feelings everybody feels". Rosenberg was killed in action on 1 April, 1918. It took eight years before the place of his death was ascertained by the imperial War Graves Commission, and then military rules did not allow his family to have the words poet and artist inscribed on his tombstone.



Tamsin Oliver, Susan Kyd and Joan Plowright

Time and the Conways

THE OLD VIC

The time is 1919. The play is middlebrow, the background middle class and the place is middle England – a city called Newlingham. There is a switch Newlingham. There is a switch from the end of the first world war to the eve of the second, and back again. The Conways are a solid family whose hopes are not fulfilled. There may also be a message that the post-1918 hopes were not fulfilled either. In short, this is a well-made drama by J B Priestley, starring Joan Plowright to boot.

Time is not kind to the Conway family. It could have been kind to the Conways play, for the text and the construction have a great deal going for them. The production at the Old Vic leaves that in doubt. Much of the fault must lie with Ms Plowright, though the direction can scarcely escape whipping. The principal error is that the production fails to show that 20 years is quite a

long time, and that a family in decline whose money has run out can go down quite a long

way, a widow and mother of six who at the start is in her early 40s. She is short neither of wealth nor position. All the signs are that she must have been fairly attractive. Ms Plowright plays her as if she is already over the top. That cre-ates problems when we make the 20 year year jump to 1939. Ms Plowright looks then

much as she did at the beginning, drinking a bit more port perhaps, but otherwise not visibly different. Neither has the set, which the text suggests should have become noticeably more shabby - it is after all the same house - much deteriorated. This lack of attention to detail means that some of the underlying assets that Priestley provided are thrown away.

Some of the best lines are thrown away as well. Perhaps it is too much to expect a mod-ern audience to understand references to Lloyd George and the line in the game of charades in 1919: "We've had too many generals." But you could way. at least try to get them across.

Ms Plowright plays Mrs ConIn particular, you should pay some attention to Mrs Con-way's line: "Thank goodness I was not so stupid as to stop singing German songs. What have Schubert and Schumann to do with Hindenburg and the Kaiser?" German music has a bearing on the play, as we discover at the end, but by then it is too late.

The lines that get the laught are from the mother being rude about her daughters, much as you might see in a television soap. That is unfair to Priestley, who wrote an intelligent piece. He also devised some fine parts.

The best two at the Old Vic are Madge, the school mistress who went to Girton (played by Julia Swift), and Alan, the amiable son without ambition (Andrew Hawkins).

Time is directed by Richard Olivier, and there are several other Oliviers in the cast. The production is intolerably slow: consolation is that it is a good enough play to improve with time.

Malcolm Rutherford

Beneath the Skin SADLER'S WELLS

Jonathan Lunn's new Beneath the Skin for London Contemporary Dence Theatre is promising. The cast hang above the stage on trapezes and ropes as if waiting to descend into the dance. When they reach stage-level, however, nothing which follows lives up to that first quick shock of interest.

 so declares its programme battle for some form of social supremacy, and worthy as its ideals may be, the result is grindingly earnest as bodies tussle and pair off in dismal couplings. Dingy lighting – which may have been owed on Wednesday night to the Wells' power failure in the foyers — and activity at once gloomy and frantic, shed no illumination

on the theme. That the dancers are further lumbered with the most hideous and capricious clothes I have seen on the dance-stage this year — some of the men in tartan trews with mini-kilts; the women given dresses that make them look like Soviet lady truck-drivers en grande toilette – is no help to understanding their behaviour. There are, nonetheless, dance-ideas of interest, despite a score (Britten's solo 'cello suite) which sits ill with movement, but they are obscured by the incidentals of social preaching

and production. Happily the programmes

What the Butler Saw Brandstrup's Orfeo. This seems to me that rare thing, a perfectly balanced and proportioned work of art. It is formally subtle, the legand told in terms of modern dance HAMPSTEAD THEATRE

"Have you taken up transvestism? I'd no idea our marriage testered on the edge of fashion." How good to be back in Joe Orton country. In recent years it has been easier — thanks to the biography, the diaries, the play, the film — to spend time in the world of Orton's personal life than in that of his plays. When we hear now that Dr Prentice in What the Butler Saw views (Partlemen's Laystories as "the last stronghold Gentlemen's Lavatories as "the last stronghold of male privilege," we can't help finding new

But who Orton was or how he lived and died is of no great consequence while the curtain is up on one of his plays. Fast, ingenious, hilarious and subversive, What the Butler Saw is a classic. It sparkles with the comic wisdom of Coward, Wilde, Feydean, the Restoration playwrights

And, though Orton wrote it 23 years ago, it is a great modern comedy. Just look at some of the things that occur in the first three minutes alone. A psychiatrist, interviewing a new secretary, has her undress for him. She reports that a recent gas explosion not only killed her step-mother but imbedded parts of a statue of Winston Churchill in her. She announces that her shorthand speed is 20 words a minute and that she hasn't got round to typing yet. And he tells

her his wife is a nymphomaniac.

This would be disarming enough to launch any play well. But what makes What the Butler Saw so satisfying is that they aren't just there as easy laughs, they're all part of the plot. Orton introduces the threads of his farce with casual brilliance. Who could know, the first time around how important the Station Hotel, Churchill's exploded statue, a woman's wig and more

will be? The director of this Hampstead production is John Tillinger, who has staged numerous Orton plays on and off Broadway. I wish I could praise his work here and his cast more. Everything goes at a properly fast and furious speed. The cast — Clive Francis and Shella Gish as Dr and Clement Crisp | Mrs Prentice, Camille Coduri and Ben Porter as



Camille Coduri and Clive Francis

the two youngsters who find themselves trapped in this madhouse, Joseph Maher as Dr Rance and Gary Olsen as Sergeant Match — is expert. But, early on, some dialogue rattles along more smoothly than is sensible in these fraught farce

amoothly than is sensible in these fraught tarca situations. Later, the reverse occurs and characters show hysteria when they should be trying desperately to paper over the cracks.

Everyone tends to play their role as a stock type rather than as the unnervingly subtle characters Orton's play is all about. Some of the play's sexual innuendo is so nudged and underlined that the more blatant eruptions become less, not more, funny. If you have clear memo-ries of good stagings of What the Butler Sau, you have no need to see this one. If you do go, however, you can rely on the play itself. Orton himself never disappoints.

Flor's Mozart

ROYAL FESTIVAL HALL

The deluge of Bicentennial Mozart is beginning in earnest. Wednesday's Philharmonia concert, which launched the "Sunday Times/Times Mozart Bicentennial Festival", is just one of the earliest of the all-Mozari programmes which will be occupying London's concert halls over the next 12 months (and probably longer). Sane Mozart-lovers - and this phrase must not be allowed to exclude his most impassioned admirers - may already be worrying over the dangers of Mozart overkill and Mozart surfeit with which they are faced; however, if all the events prove to be as carefully prepared and finely executed as this one, then sheer quality will offer the best protection against

Indigestion.
The conductor was Claus points.

Peter Flor, the young German (formerly East German) of growing international

reputation - next year he becomes this orchestra's Chief Guest. On this showing he possesses an excellently keen ear for balance, a nice sense of Mozartian instrumental colour, and, best of all, a willingness to engage with the argument of the music rather than simply prettifying it and jollying along. The opening work, the C major Symphony, K.338. showed as much: bright-sounding, athletically light, moved along by currents of agile phrasing edged, in the best way, with nervous energy

the necessary smiling touch
was missing.
Flor's vigorous but
"personal" approach, and the
Philharmonia's evident response thereto, were to be again admired in the R flat Sinfonia Concertante: the accompaniment to the string soloists was expertly tactful

(this was greatly assisted by woodwind prominence). Only

yet unusually vivid in flecks and details of colour. The only imbalance came, unfortunately, with the leading duo - Victor Tretyakov's clean but rather plain violin line was continually outpointed by the seductive beauty and grace of Yury

ashmet's viola. As finale, and the with the addition of London Voices as compact-sized choir, Flor gave us a Coronation Mass of precisely judged style. This is not a *deep* work, so nothing would be gained by attempting to turn it into one: but its blithe major-key charms need firm, fresh handling, which they here unfallingly received. A bouquet for the soprano of the solo quartet, Yvonne Kenny, whose lustrous soprano is now in full bloom, and who shaped all her solos with ideal delicacy.

Max Loppert

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ARCO British Laminot space; give sease, as acconductor with the previsions of Part I to Schedule 1 and Part I to Schedule 7 to the Pigulions Act 1962 and the regulation 7(3) of the Electricity and Pipulion Worlds (Assessment of Bravirouspatal Efficial) Regulations 1990, that an application has been made to the Secretary of Sea for Banery for the gent of asphasical for Property of the part of asphasical for Property of the part of asphasical for the part of asphasical for the part of a sphasical for the part of the part o entry pipeline. The proposed pipelion, which is to be for the conveyance of unional gas and constructs in to run between the Low Water Mark and the Viking Gen Torminal at The dictingup.

The pipeline will be owned by the Partners of the Pictorial Field and opened by ARCO British A copy of the linvirum costs! Shatement may be obtained from Mahaltherpo Public Library, Mahalthrope whilst stocks last at a cost of \$31,00 ands.

A capy of the map, on which the prope A copy of the map, on which the proposed rects of the hipcline is delicusted, set a copy of the Raviroumental Statement which both accompanied the application, can be imposted during normal effice hours in Room 4.0.12, Departm of Emergy, I Palace Street, London SWIE SHE and at the offices of Lincolnshim County Creeks.

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<u>धारमञ्जूषा वर्णकर वाल्लाल</u> । १९८५ । १५ वर्ष १५ । १५

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LEGAL NOTICES

CROUCH POLYFILMS LIMITED

Notice is hereby given that a meeting of craditors in the above matter is to be held at The Bonnisgton, Hotel, Southampton Row, London WCJ, on the 19th chay of December 1980 at 11.30 hours.

(1) to consider my proposals under a.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee establishing a creditors' committee a proxy turn which should be completed and returned to me by the date of the meeting it you cannot sitend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not latter than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

PETER ANTHONY LAWRENCE, The Admini book mine J. Admirals Way, Waterardo, London E14 98st.

ARTS GUIDE

MUSIC

BBC Symphony Orchestra conducted by Lothar Zagrosek.
Schoenberg, Busoni and Beethoven's 7th (Fri). Royal Festival Hall (071 928 8800) Kremer/Argerich play sonatas by Prokofiev. (Sat). Barbican

Glory of Christmas: music by Bach, Handel, Mozart. (Sun). Barbican Hall. Barbican Hall
London Philharmonic is joined
by messo-soprano Sarah Walker
to sing a Prokoflev cantata conducted by Kurt Masur. Also
Schumann and Brahms (Sun).
Royal Festival Hall (071 928 8800).
Royal Philharmonic plans

Royal Philharmonic plays Johann Strauss' Fledermans Andre Previn conducts and Dame Kiri Te Kanawa sings (Mon). Royal Festival Hall (071 928 8800). Chamber Orchestra of Europe

directed by Paavo Berglund play Haydn and Sibellus. (Mon). Barican Hall

bican Hall.

Academy of St Martin-in-the-Fields conducted by Sir Neville Marriner. Tchaikovsky and Dworak (Tue). Royal Festival Hall. City of Birmingham Orchestra conducted by Simon Rattle perform Mozart and Ravel. (Wed). Barbican Hall.

London Symphony Orchestra conducted by Sir Colin Davis perform Mozart. (Thur). Barbican Hall.

Paris Noel Lee-Christian Ivakit, piano. Schubert, Debussy, Stravisniky.

(Mon). Salle Gaveau (49330507). Garorghe Zamfir, pan's flute with the Oratorio's choir and French orcehstra, Versailles polyphonic ensemble, Francis Poulenc choir conducted by Jean-Pierre Lore: Bach, Bartok, Zam-fir. (Mon). Salle Pleyek(45638673).

Ensemble Orchestral de Paris conducted by Armin Jordan, Raphael Oleg, violin: Mozart, Beethoven (Tue). Salle Pieyel

(45638878). Paul Badura-Skoda racital (Tue). Salle Gaveau (49530507). Orchestre de Paris conducted orchestre de l'Aris Goldmane.

by Samyon Bychkov, Jean-Philippe Collard, piano: Bizet, Sains
Saens, Dutiliaux, Ravel (Wed,
Thur). Salle Pleyel (4863873).

Orchestre National de France conducted by Karl Anton Richer bacher: Mendelssohn, Ives, Bee-thoven (Thur). Theatre des thoven (1919). I deaths uses Champs Elysees (17203637). Les Arbs Florissants conducted by William Cinristie: Marc-An-toine Charpentier (Thur). Audito rium des Halles (60282840).

Lalo. (Mon).

Collegium Aureum and Toker Knabenchor conducted by Gerhard Schmidt-Gaden. Bech's

Royal Concertgehouw Orchestriconducted by Klaus Tennstedt perform works by Schönberg, Mahler. (Fri., Sun matinee). Netherlands Philharmonic conducted by Hartmut Haenchen perform Schumsum and Schubert. (Sat., Tue).
Hague Philharmonic perform

Royal Concertgebouw play Tchaikovsky and Dvorak. (Wed, Thur).

Brussels

Belgian Kational Orchestra con-ducted by Rosald Zollman and the Brussels Choral Society con-ducted by Tun Cunningham with Greta De Reyghere (soprano), Christine Cairns (mezzo), Martyn Hill (tenur), Brian Rayner Cook (bass), Men-delssohn and Schubert (Fri, Sat) Pulais des Beaux-Arts (507 82

Wisner Kammerphilhermonic conducted by Claudius Traunfellner with Bettina Gradinger (vio-lin), Wolfgang Redik (violin). Bach, Mendelssohn, Rossini, Schoenberg (Tues). Maison de la Radio (649 09 14).

Florence

Zahin Mehta conducting Bartok, Brahms (with pianist Murray Perahia) and Vivaldi (Fri, Sun). Teatro Verdi(312320)

James Farst conducting Faure, Lalo and Bruckner (Sat, Sun, Mon, Tues). Auditorium in Via Della Conciliazione (6541044). Nuovo Quartetto di Roma play Fauré and Brahms (Thur). Orato-riodel Goufaione (6875952).

Spenish National Orchestra conducted by Aldo Ceccato, with Aldo Ceccalini (piano). R Schumann (Fri 7. Sat 8, Sun 9). Auditorio Nacional de Musica (337

December 7-13

Renata Scotto (suprano), Vin-ceozo Scalera (piano). Ginck, Rossini, Verdi, Puccini (Wed 12). Antitorio Nacional de Musica (337 01 02). Joaquin Soriano (piano). Mozart, Schumann, Rachmaninov, Scris-bin (Thurs 13). Auditorio

Barcelona Illara Takaca (merro-soprano) accompanied by Miklos Harardy (piano). R. Strauss, Wagner, Schumann (Mon 10). Palau de la Musica Catalana. (301 11 04).

Nacional de Musica (887 01 00).

Canadian Brass. Christmas programme. (Tue). Carnegle Hall (247 7400). Boston Symphony Orchestra conducted by Seiji Ozawa with Peter Serkin (piano). Verdi, Schoenberg, Beethoven. (Wed). Carnegie Hall (247 7400). Carnegie Hall (287 4400). New York Philipsrmonic con-ducted by Samuel Wong with Vladimir Feltsman (piano). Schnittke, Rachmanicoff, Short kovich. (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

Chamber Music Society of Lincom Center directed by Fred Sharry. Schubert, Brahms, Mendelasohn. (Wed). Concert Hall, Kennedy Center (467 4600). National Symphony conducted by John Eliot Gardiner with Joshua Bell (violin). Chambrier, Schumann. (Tue). Concert Hall, Kennedy Center (467 4600).

Chicago Chicago Symphony Orchestra conducted by Erich Leinsdorf. Stravinaky, Prokofiev. (Thur). Orchestra Hall (425 8123).

SALEROOM

Sellers withdraw before auction

After the disasters at Christie's and Sotheby's on the preceding evenings Phillips had few illusions about its sale of Impres-sionist and Modern art on Wednesday night. It totalled £656,403 but was 72 per cent unsold. Many sellers withdrew their works just before the auction so the result might have been even worse. However the top lot, a gouache of 1919 by Picasso which merged Cubism with naturalism, sold well above estimate at £264,000.

The woe continued at Soth-

eby's post-War and contempo-rary art sale yesterday which brought in £3.28m but was 63 per cent unsold. However, the failure of the two most important lots to find buyers contributed greatly to the high bought in percentage: a Dubuffet, "Offres galantes", was unsold at 1950,000 and a Yves Klein at £780,000. In terms of lots 25 were unsold as against 83 that found buyers. Another work by Klein, a totally blue canvas, went to the US for £242,000 (well below its £350,000-£450,000 estimate) and a German dealer paid £203,500 for "Tourist" by the German artist Gerhard

Richter. Picasso is difficult to sell these days and the major disappointment at Sotheby's book auction was "Saint Matorel", one of the most important illustrated books of the 20th century. It was written in 1911 by Max Jacob, and Picasso pro-

vided the four plates which were the earliest Cubist etchings. Only 106 copies were printed and Sotheby's put an estimate of up to £75,000 on the volume. The highest (unsuccessful) bid was £36,000.

A large archive devoted to the circus sold well, at £52,690, and Gyles Brandreth disposed of a large group of pantomime scripts going back to 1807, the source of many of his jokes, for £3,410. An unrivalled archive about George MacDonald, the 19th century Scottish fantasy writer, with many signed first editions, realised £4,620 while Quaritch bought 400 copies of Russian satirical journals of the period 1905-7 for £8,250.

Old Master prints is one of those markets for serious collectors which is not suffering too badly during the recession. Sotheby's auction yesterday totalled £905,795 with 20 per cent unsold. A group of almost 50 Rembrandt etchings did par-ticularly well, making £364,430 and only 5 per cent unsold. They provided the top price -£93,599 from Artemis, the London dealer, for a tiny landscape with a sportsman and dog. A German dealer paid £79,200 for an engraving of an elephant with a castle on its back catalogued as "After Hieronymous Bosch". Its top estimate had

been £12,000. Antony Thorncroft

FINANCIAL TIMES

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Friday December 7 1990

Linkage good and bad

Hussein's announcement that all foreign hostages in Iraq and Kuwait are to be freed can only be welcomed, especially if it is swiftly translated into fact. His statement that the decision was taken for humanitarian reasons and "not related to political developments" can, nowever, scarcely be taken at face value. In fact he contra-dicted it himself when he added that the hostages' depar-ture (previously to have been from December 25) had been brought forward in response to President Bush's proposal of direct US-Iraqi talks. It seems likely that the US made the release of all the hostages a precondition of Mr James Baker's visit to Baghdad. He would scarcely, after all, have wished to take his place in the long line of elder statesmen who have gone there to intercede for them.

What are Mr Saddam's motives? No doubt he is well aware of the growing anti-war feeling in the US and is anxious to encourage it. Presum-ably he has also been convinced, by his succession of western visitors, that holding the hostages would not in the last resort deter the US and its allies from a military attack, and might even make it easier for them to order such an attack, by making Iraq spe-cially odious to western public

Palestinian problem

So far so good. But reportedly he also hopes to create a favourable atmosphere for the US-Iraqi talks, at which he intends to put the Palestinian problem at the top of the agenda. That will not and should not work. The US has rightly set its face against 'linkage" in the sense of allowing Mr Saddam to bargain his withdrawal from Kuwait against an Israeli withdrawal from occupied Arab territory. There is no reason why the unfortunate Kuwaitis - who as it happens were always generous in their support of the Palestinian cause - should be used as hostages to extort concessions from Israel and the Linited States.

But in another sense the two issues are inescapably linked. Armbs who oppose Iraq's sei-

SADDAM zure of Kuwait find it acutely embarrassing to have to rely on the support of a power which also supports Israel, enabling that state to maintain its occupation of Arab territory and its refusal of any dialogue with the designated representa-tive of the Palestinian people. The US has always claimed to be working for an equitable settlement of that conflict. Now of all times it cannot afford to let that claim sound

Peace conference

Such is the point repeatedly made to the administration by its European allies, and the administration has found it sufficiently persuasive to be willing to discuss a new Security Council resolution, and at least to consider wording which would refer to the possibility "at an appropriate time" of a "properly structured" international peace conference — wording which Mr Baker's denial yesterday seemed care-

fully to avoid ruling out.

That does not offer much real hope to the Palestinians, but at least it will enable Mr Bush to tell Mr Tariq Aziz, when he attempts to raise the issue, that it is already being dealt with in a far more appropriate forum, the UN Security Council. If Mr Saddam chooses to claim that as an achieve-ment to cover his withdrawal from Kuwait, well and good. But what will be of much more immediate importance to him is an assurance that, if he does withdraw, Iraq will not be

That assurance should be forthcoming, and Mr Bush should make it clear that he expects Israel as well as his other allies to respect it. What-ever other war aims one may like to imagine, from the destruction of Iraq's putative nuclear weapons programme to the deposition of Mr Saddam himself, the fact is that to go to war for those aims without the freedom of Kuwait as casus belli would be neither morally nor politically justifiable. The liberation of Kuwait without war would not be a "Middle Eastern Munich" but a great achievement of the new world order, and a basis from which to apply creative diplomacy, rather than violence, to the Middle East's other problems.

Adapt now or pay later

THE UNEMPLOYED are once of myopic British pay-bargain-ing. Employers and unions remain unwilling to recognise that wage settlements based on last year's retail price inflation are a recipe for disaster. Not least because the external constraints upon wage bargainers have changed, so too must the

style of wage contracts. Faster nominal wage growth in Britain than in Europe can presumably no longer be offset by a depreciation of the exchange rate, now that ster-ling has entered the European exchange rate mechanism. Competitiveness will fall, instead, until price inflation in internationally competitive goods and services drops to

German levels Yet, old habits died hard. The mestiable fall in nominal earnings growth is set to occur at the expense of accelerating unemployment. Wage rises of 10 per cent imply an unsustain-able level of real wage growth over the coming year, even if inflation does not drop quite as fast as the Treasury forecasts for the end of the year. Wages could increase by more than 4 per cent in real terms, at a time of falling output and stag-

nant labour productivity. Real wage gains on this scale would reduce competitiveness and profits, so increasing unemployment until the threat of job losses moderates the demands of pay bargainers. Such transitional unemploy-ment is economically wasteful, disastrous in human terms and difficult to reverse, as European experience of the past 10 years illustrates.

Necessary consequence

Rising unemployment is not a necessary consequence of nominal wage deflation. Employers should, instead. offer contracts that guarantee growth over the coming year, For example, real wage growth of 1 per cent would imply a 8 per cent rise in nominal wages in 1991, given the expected price inflation of 5 per cent. The risk for employees is that actual inflation might be higher than expected. This risk could be removed by guaran-teeing the agreed real wage increase. If inflation were higher than expected, the company could make up the difference in a lump-sum at the end

of the year. Such forward-looking contracts would not prevent companies from varying wages according to the need to recruit and motivate different types of workers. Contracts based on expected inflation would speed the fall in average nominal wage growth, but would not distort relative

Nominal wage

A shift to such contracts would be in the interests of both management and workers. The problem is that the majority of companies must move to the new style of con-tract together. While collec-tively rational, it might be irrational for individual companies to cut the nominal wage they pay relative to their competi-tors at time when skilled labour is in short supply.
Thus, the Confederation of

British Industry's exhortations to individual employers to base wage increases on prospective inflation are inevitably ineffective, as the CBI has implicitly conceded. Its latest forecast predicts the rise of average earnings in manufacturing at

9.3 per cent in 1991.

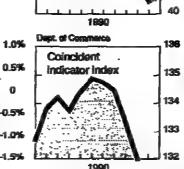
The CBI appears unwilling and perhaps unable to co-ordinate a concerted move to forward-looking contracts. But by consistently arguing that companies should pay real wage increases equal to their indi-vidual productivity growth, the CBI has contributed to intellectual confusion and thereby made a rapid fall in wage and price inflation more difficult. Economic efficiency requires that above average productiv-ity gains be passed to consumers in the form of lower prices rather than wage increases, which merely boost the average rate of wage inflation

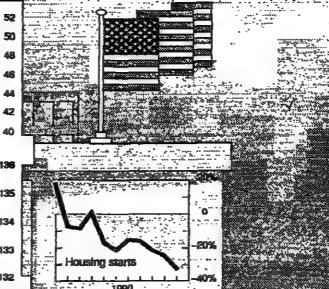
around which relative wages can vary.
To reduce average wage growth to European levels will require either a major shift in attitudes to wage-setting or a costly rise in unemployment. undesirable and unreasonable.
A concerted effort by the government and the CBI to persuade companies to shift to for ward-looking wage contracts is

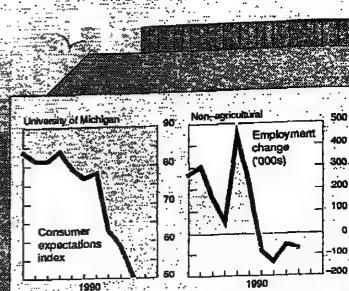
ECONOMIC INDICATORS

industrial









It's termed a "downturn", not a "recession" - yet, says Michael Prowse

he debt-laden US economy defied both its critics and gravity during the 1980s. But Cracks deepen in it now appears to be sinking rapidly. Nearly every recent economic indicator — from consumer confidence to industrial production and the US economy

employment – is signalling a sharp deterioration in business conditions. Policymakers are still refusing to use the dreaded word recession but almost everybody agrees the economy has entered what Mr Alan Greenspan, the chairman of the Federal Reserve, dubs a "meaningful downturn".
But the likely duration and severity

of the downturn remain hotly dis-puted. Mr John Sununu, the White House chief of staff, predicts a short and mild recession, quipping in pri-vate that it "will be over before most economists acknowledge that it has begun". Such optimism is supported by the Organisation for Economic Co-operation and Development's lat-est assessment of the US economy. est assessment of the US economy.
While highlighting medium-term
structural problems, this foresees
nothing worse in the short run than a
sharp slowdown in the rate of growth.
Others, however, worry that an
unintended tightening of credit, popularly dubbed a "credit crunch", will
interact with chronic problems in sectors such as real estate and precipitors such as real estate and precipi-tate a full-blown recession perhaps approaching in severity the 1973-75 and 1981-82 downturns.

The Federal Reserve signalled its concerns about credit tightening this week by announcing a cut in banks' reserve requirements, the first such change since 1983. This was designed to boost banks' profitability and encourage increased lending. Mr Nicholas Brady, the treasury secretary, has repeatedly urged banks not to abandon their good customers while promising far-reaching reforms of the beleaguered banking industry. The Fed has also gradually lowered interest rates in recent weeks despite the exceptional weakness of the dollar and fears that the US's oversess creditors might withdraw funds.

Forecasters of all stripes agree that predictions are particularly hazardous at present. Not all indicators point to decline: durable goods orders, for example, remain fairly strong even allowing for erratic items. The economy, moreover, has changed structurally in the past decade with service industries assuming greater importance. Computer models have not fully caught up with the changes nor do they cope well with "balance sheet" effects, such as falling asset prices, which have not played a key role in previous post-war recessions.

Economists are also keenly aware. Economists are also keenly aware that the outcome of the Guif crisis, while critical for the US economy.

remains unpredictable despite yester-day's announcement by President

Saddam Hussein that all foreign hos-tages were free to go home. If peace initiatives succeed, oil prices could sink back below \$20 and improve the outlook for growth and inflation, but if hostilities prove unavoidable, oil prices could soar to \$80 a barrel.

The only certainty is that the economy, having hobbed about for most of the year, began to weaken rapidly this autumn. The important indicators of possible recession include:

 Purchasing managers' index. This broadly-based and closely-watched gauge of industrial conditions is the first important indicator to be pub-lished each month. In November, it lished each month. In November, it fell more than two points to 41.3, the lowest level since May 1982. A reading below 50 indicates that the manufacturing economy is declining; a reading of below 44 that the whole economy is contracting. The index has been falling since June and has been below 44 for two months.

• Leading indicators. The composite index fell 1.2 per cent in October, the fourth successive monthly decline.

fourth successive monthly decline. The coincident index of economic activity has also fallen for four months. Such persistent weakness is a strong but not certain indicator of

 industrial production. The fall of 0.8 per cent in October was sharper than expected. But what really made than expected. But what really made alarm bells clang was the fact that declines were registered in almost every sub-sector of industry. The press release was a sea of minuses.

• Consumer confidence. Very sharp falls in October have carried over into November. The widely followed University of Michigan index registered its biggest fall for 40 years. Confidence is now nearly as low as during the 1981-82 recession although consumer spending itself is holding up rather better. • Employment. Private sector

employment and hours worked both dropped markedly in October. Initial claims for unemployment insurance have moved significantly higher in recent weeks. Bad November employ-ment figures are expected today. Housing starts. Real estate has been in recession in many parts of the country, notably the north-east, for at least a year. But the 6 per cent decline in starts in October was unusually

large. There were also signs of weak-ness in California, which had been more buoyant than the east coast.

The consensus view is that the recession did not begin until September or October. In last week's testimony to Congress, for example, Mr Greenspan said the economy had been expanding at a moderate rate prior to Iraq's Angust 2 invasion of Kuwait. This had a substantial adverse impact, raising prices and reducing business and consumer confidence.

Other economists, however, while buoyant than the east coas

Other economists, however, while accepting that the Guif crisis aggravated the downturn, say the economy peaked much earlier. Mr Geoffrey oore, the director of the Centre for International Business Cycle Research at Columbia University and a member of the official panel which

Forecasters now expect GNP to fall this quarter, although estimates of the annual rate of decline vary from under 1 per cent to about 3 per cent

dates recessions, believes this down-turn may have begun as early as

June. This is when total employment, industrial production, real income and sales, and the coincident index of economic activity peaked, he says. Most forecasters now expect Gross National Product to fall this quarter, although estimates of the likely annual rate of decline vary from under 1 per cent to about 3 per cent. Most see the weakness extending into Most see the weakness extending into the first half of next year but few anticipate a prolonged and severe sions of 1973-75 and 1981-82. These lasted about 16 months and involved peak-to-trough declines in GNP of 45 per cent and 35 per cent respectively.

The likely duration of this recession is put at well under a year with GNP falling by no more than a total of about 1½ per cent. Some economists regard this as an overestimate, arguing that recent cuts in production are precautionary rather than a response to collapsing consumer demand, and will be reversed early next year.

sion will be fairly shallow reflects an attempt to balance several positive and negative factors. In its upbeat assessment, the OECD drew attention to the relative stability of the "core" inflation rate — in other words the headline rate minus erratics such as oil and food — and the leanness of business inventories.

The deep recession of the early 1980s was precipitated by the sharp

monetary tightening ordered by Mr Paul Volcker, then Fed chairman. The crackdown was needed because the US faced the threat of double-digit inflation. In the absence of a Gulf war, no such threat exists today. Interest rates are being lowered rather than raised. There is thus no

reason, say optimists, to expect a sud-den collapse of economic activity. The sharpness of the 1961-82 down-turn also reflected a rapid build-up of inventories or unsold goods. Savage production cuts were the only way to clear them away. But US industry

clear them away. But US industry now employs more sophisticated stock control technology and watches demand trends more closely.

The inventory-to-sales ratio is accordingly near to an historic low, having trended down for eight years. The leanness of inventories, claim optimists, makes sharp production cuts unlikely; the recession will therefore be modest. The argument, however, is not entirely persuasive. Better technology means that fewer inventories are needed even in good times. And a declining inventory-to-sales ratio in the early 1970s did not prevent the severe 1973-75 downturn. vent the severe 1973-75 downturn. Indeed, Mr Rudolf Penner, the for-

mer director of the Congressional Budget Office, recalls that in Novem-ber 1973 tight control of inventories confidence. A little later the economy fell over a cliff.

A third alleged ground for confi-dence is the strength of exports, which accounted for more than 80 per cent of growth in the first half of this year. However, the export turnaround of recent years was due as much to the rapid expansion of oversees mar-kets as the fall in the dollar. The US's Anglo-Saxon trading partners - Can-ada, the UK and Australia - are now in recession while growth is faltering

in much of the rest of the world including parts of continental Europe. Exports in any case account for only a small portion of US GNP.

Pessimists can cite some apparently compelling reasons for expecting a more serious recession. The large bad

compelling reasons for expecting a more serious recession. The large budget deficits spawned by the Reagan years of "voodoo economics" (to use Mr George Bush's expression) have eliminated any scope for fiscal relaxation. Indeed, the White House and Congress have just agreed a five-year programme of tax increases and spending cuts.

programme of tax increases and spending cuts.

Monetary policy is also constrained by the dollar's weakness and the need to keep America's external creditors happy. However these constraints can be exaggerated. The Fed is likely to respond to further economic weakness by lowering interest rates again, even if this causes the dollar to depreciate. And creditors cannot object too loudly because a really deep US recession is in nobody's interests.

But the largest source of concern remains the fragility of the banking system and the extraordinarily high level of personal and corporate indebtedness. The ratio of private and pub-

edness. The ratio of private and public debt to GNP rose sharply throughout the 1980s and on some calculations now approaches levels

last seen in the 1930s.

The risks here are difficult to quantify. The OECD, rather bravely, has tried to calm nerves. It says worries about corporate debt are overdone because they ignore corresponding rises in the market value of equity. And it says banks' balance sheets are not so weak as to suggest an impend

ing "credit crunch". The Federal Reserve, however, seems perturbed. Mr Greenspan has said that many types of company are now experiencing difficulties obtain-ing financing. And the statement accompanying Tuesday's cut in banks' reserve requirements said that the unintended tightening of credit conditions was exerting a "contrac-tionary influence on the economy". The Fed would clearly do its best to counter the kind of chain reaction of

defaults that wrecked the US economy in the 1930s. But it is already discovering that in a recessionary cli-mate, monetary relaxation can some-times be as ineffectual as "pushing on a page of string", to use key memorable phrase. Financial fragility is a serious

worry. But given modern understanding or how economies work, an unnecessary despening of the present downturn on this score should be avoided. However, America's burden of debt—private, public and external—will constrain growth in the medium-term. It may also scupper the White House's hopes of a speedy recovery from recession. That could dent Mr Bush's presents of re-election in 1999.

120 PM 2016

The miracle that failed

■ There was a media stampede at the deadlocked GATT talks in Brussels when the public address system announced an immediate news conference by "the EC". Reporters' hearts as well as feet raced at the thought that the European Community might be miraculously releasing its brake on the wheels of progress.

The panting mob were disap-pointed. The conference had pean Community, but by the Ecumenical Community— a group of clergy wishing to discuss the spiritual aspects

of Iree trade.

They were disappointed too.
Despite their clerical collars,
security guards refused them entry to the conference room because they had omitted to get official accreditation badges.

The real news, when it came later, was less exciting. What's happened, it seems, is not so much that negotiations are to go forward as that they merely failed to break down.

Troubled water ■ Faced with a record budget

deficit, the Greek government wants to sell the presidential yacht, the Argo, which it inher-ited under the will of shipping tycoon Aristotle Onassis who

It has been used only once in the past six years, to entertain a visiting head of state. But it costs the Defence Ministry \$1.5m a year in maintenance even without

Current president Constantine Caramanlis has no objection to the sale. But it has run into troubled water.

Nobody wants the ship as such. It is a former Canadian Navy frigate which Onassis converted in the 1950s. Potential buyers are interested solely in its contents. Besides the tycoon's valuable cabin

OBSERVER

furniture, they include per-sonal effects such as books presented by Sir Winston Churchill, a frequent guest on board, and three paintings attributed to El Greco.

Ownership of the contents is claimed by the Onassis foundation – guardian of the family interest on behalf of four-year-old Athina Onassis, the tycoon's grandchild – which wants to display them in a museum named after him which is being built in Athens.
Having had no response to
its offer to buy them, the foundation is considering legal action to get them back.

Cross purposes The good news is that the Republic of Ireland's beer drinkers can now take full advantage of cheaper prices in Northern Ireland. A ruling by the EC Court of Justice says Dublin's regulations limiting

North to 12 litres per person are illegal. Beer is up to 50 per cent cheaper in Northern Ireland than the south The bad news is that the EC has not said how much

the import of beer from the

beer the southerners can now they cannot simply import it by the trolleyload. They must first prove that it is "for per-sonal use only" (a stipulation once applied to the importation of condons)

Also there is the possibility that the EC judgment will be overruled by the Irish Republic's own 48-hour regulations, requiring anyone bringing in goods from the North to prove they have been out of the south for at least two days. Then again, the good news is that earlier this year the

Suropean Court declared that the republic's 48-hour rule was illegal... the bad news being that the Irish government has BANX

"I'm wondering whether or not to pay my poll tax."

so far refused to implement the EC ruling.
It is all very confusing to travellers crossing from North-ern Ireland to the south. But smugglers are unlikely to take much notice of all the rules and regulations. For years they have made a substantial living out of ferrying goods across the 270 mile long border.

Cold comfort

■ British Rail has pulled an unseasonable plug on one of its more potent assets, the Great British Rail Breakfast. It goes down the plughole along with BR's entire dining service for the whole Christ-mas period from Friday, December 21 .

Full service will not be resumed until Wednesday, January 2, when "leisure travelers" joining loved ones for the holiday have been replaced by the "business community". Only the latter, the rail bureaucracy thinks, are entitled to the option of a hot meal in the middle of winter. "When train catering was

offered during holidays in the past, we found it was not required." BR said. "We feel it is right to provide what is wanted by the majority."
That seems an odd word to use. Even when the business community is on the move, breakfast is eaten by only 72 of the 400 passengers on a typi-cal Inter City train.

Goal warning

■ Beware the Curse of Gazza seems to be the message of the resignations of two direc-tors of Newcastle United Foottors of Newcastie United Foot-ball Club: chairman Gordon McKeag and John Hali, a prop-erty developer. The departures follow the collapse of a proposed £8m share issue by the club which is £5m in debt. The issue was

personally promoted by Paul Gascoigne who marked the launch last month by announcing that he would be buying

Five days earlier the
England footballer had popped
round to Downing St for tea with Margaret Thatcher. Everyone knows what hap-pened to her.

In April Bobby Robson finally yielded to pressure and played Gascoigne in an international match. Less than a month later the England man-ager announced his impending departure from the job. Tottenham, the club that

hought Gazza from Newcastle is struggling with debts which have spiralled to an estimated £10m in the two years since they bought him. They are now considering selling this prize asset to a wealthy Italian club for about the same amount. Who knows, maybe the recession will go with him.

Grounded

■ Two caterpillars were chewing a leaf together as a butter-fly passed overhead. One of them nudged the other, and said: "They'll never get me to go up in one of those things, you know."

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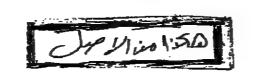
and becomes, instead, part of him.



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any of us dream - but, as

you will shortly see, we may

dream in vain - of a Europe based on the principle of sub-sidiarity. It is a snappy little slogan,

satisty. It is a snappy interstigant, sure to sweep the country. Well, perhaps it does need a little trimming, a few syllables shorn off here and there. Come to think of it, it would be

greatly improved if it were scrapped

altogether, to be replaced with, say, "parish power", or "we'll do it ourselves", or "render unto Delors that which is Delors".

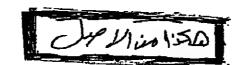
The dream survives its semantic infelicity. In the ideal new Europe of subsidiarities, individuals would do

subsidiarities, individuals would do
for themselves what they could.
Higher authorities would be precluded from interfering. Communities
would, however, have a role. At the
lowest level — seeing to the oversight,
perhaps, of street lighting and litter
— would be the parish council. Local
roads and planning might be the
remit of a higher local authority.

We could dream on. The complete
review of local government
announced on Wednesday by Mr

tenacionsly to its apparent right to intervene unnecessarily and often with disastrons effect in whomsoev-er's financial affairs it can get its

AV INCIMINA.



POLITICS TODAY

Europe in thrall to a slogan, not a principle

By Joe Rogaly



hands on. Scots will have no joy from the present government. Whatever Britain does with its four ce on political union which opens ance on pointical union which opens in Rome next week. It promises to be a raggedy affair, since the few papers that have appeared in advance con-tain either vague generalities or scarcely-developed proposals to tinker with existing institutions. The British government has been partially soothed by the discovery that in Eurospeak "union" does not mean union, but rather association or, at nations the best fancy for a demo-cratic new Europe is that, as in Germany, regions or Länder might drain authority from the nation-state. The latter would constitute a final barrier against the dreaded supranational power. Because of subsidiarity we would at each stage have independent governing bodies, but, because of careful definition of their powers, less government overall. This is why the notion seems to appeal to both sides, union, but rather association or, at worst, club. This is not enough, how-ever, to allay some British fears of the those who believe in more govern-ment and those who want less of it. emergence of a powerful Brussels bureaucracy; hence the clinging to the principle of subsidiarity. As Mr Andrew Tyrie, of whom more in a moment, argues, subsidiarity is "the ultimate institutional elixir".

Here the dream ends. An interest-ing paper hot off the presses of the institute of Economic Affairs* seeks Under the heady influence of this elixir the tiers would rise, leaving the European Community's institutions with carefully circumscribed responsito demonstrate that the very word "subsidiarity" is a trap. I will explain why in a moment, but first note that bilities, for trade and agriculture, the establishment of the single market as a giant level playing field, and curtailment of the emission of noxious substances into the common environthe authors, Andrew Adoms and the aforementioned Mr Tyris, are both fellows of Nuffield College, while the latter was special adviser to Mr John Major when he was chancellor of the ment. In real life, away from dreams, exchequer and served Mr Nigel Lawyou have to throw in cross-border transport, a common (though not nec-essarily single) foreign and security policy and, with Conservative teeth son before that. You can be sure, therefore, that as this paper floats sround Whitehall people will pick it

up and read it.

Mr Adoms argues that "subsidiarity" is a alogan, not a legal principle. It is derived from the encyclical Quadragesino Anno issued by Pope Pius XI in 1931. The encyclical assumed subjection to the authority of the Church; it was issued by a Pope who felt gritted, something called social Europe. The other 11 members of the EC will be fortunate if subsidiarity alone renders all on this menu pelat-able to the government's taste. The entire begniesst will be served

obliged to sign a Concordat with Mus-solini. "Subsidiarity and authoritari-anism went hand-in-hand," writes Mr anism went hand-in-hand," writes mr Adonis. After the war, German and Italian Christian Democrats adopted the word, which was interpreted to suit sometimes opposite purposes. For the EC, "subsidiarity" really did not surface until the Single European Act of 1986; after that it became a mantra. The implication is clear. The prove-nance of the notion belies its commuta-tion as a protector of the freedom of smaller units from the unwelcome attentions of larger ones. It all

The British have been soothed by the discovery that in Eurospeak 'union' does not mean union

depends, of course, on definitions — and that is the trouble. Mr Adonis selects eight recent ones, and divides them into three categories. The first two give powers to higher authorities on grounds that bureaucrats in Bruson grounds that bureaucrats in Brussels will always find agreeable. They get the extra task if that means that objectives they have doubtless defined can be "attained better". They get it, too, if "common interest" — no doubt defined by themselves — is the test. The British prefer to call subsidiarity the principle that things should not be done at Community level unless they cannot be done at national level. This is the test of necessity. To my mind, it has merit.

Whatever the definition, writes Mr Adonis, if subsidiarity is applied to future extensions of EC areas of pol-icy, "it could prove to have the same expansionist qualities as the interstate commerce clause of the US con-stitution". (For a full exposition of a free-marketeer's recipe for avoiding that, get Europe's Constitutional Future, another IEA publication**, and read Professor James M Buchanan on how he and Hayek would build in safeguards.)

There are years consequential even.

There are many consequential arguments, but I am sure that by now you get the picture. It is rammed home by a description of the European Court of Justice in Mr Tyrie's section of the paper as an institution with a communicative track record. Mr Adonis proposes various reforms to the political structure of the community that he argues would be better protection than the insertion of the word subsidiarity here and there. Mr Tyrie is less sanguine.

The European institutions them-selves see subsidiarity as a vehicle, not only for furthering political union but also enhancing their powers," he writes. There is no room for doubt on what he regards as the political back-ground to this. For example, he argues that "the market approach to tax approximation may be winning the day but a market approach to

labour market regulation has certainly not yet won the day." Bang goes the Social Charter.

Now Mr Tyrie is not what is nowa-Now Mr Tyrie is not what is nowadays called a "European minimalist", but he does see us as trapped by mistakes made in the mid-1950s and the early 1970s (and, I would add, the mid-1980s). In each period, Britain stood aloof for too long, or made mistakes and eventually had to take what was designed on the continent. In consequence, it has a protein low hard to quence, it has a pretty low hand to play today. Since Mr Tyrie believes that "subsidiarity could well become a federalist Trojan horse," he wishes a seneralist Irojan norse, he wisnes to warn the government that he so recently advised that its plan to insist on the concept's inclusion in any revision of the Treaty of Rome should be abandoned. He suggests more minor, and therefore to the uninitiated eye more attainable, reforms than does

The basis for this low-key approach is that in Mr Tyrie's view it consti-tutes practical politics. Radical reforms of community institutions, he suggests, are unlikely to make headway; if they did they would be used as an opportunity to increase, not restrict, the powers of the Commu-nity's institutions, especially those of the European Parliament.

A committee of national parliamen-

tarians could act as a European sen-ate, set above the directly-elected par-liament, or it could merely adjudicate disputes about subsidiarity. Mr Tyrie tentatively favours such an assembly tentatively favours such an assembly of delegates from member Parliaments, as, with rather more conviction, do Sir Leon Brittan, Mr Michael Heselfine and, I suspect, the Labour party's Mr John Smith. (The latter has in the past week been seen to be a skilful negotiator of the opposition's new-found slightly-more-Europeanthan-thou policies on the European monetary union and the far-off notion of a single currency.)

of a single currency.)
I have rehearsed these counter-arguments to subsidiarity because I have not previously run across them in so trenchant a form, and they ought to be heard before the intergovernmental debate gets under way. The foreign secretary, Mr Douglas Hurd, showed in the Commons yester-day that he is alive to the dangers and will work hard on the definitions and

with work laint on the testinations and the overseeing court — the one that would adjudicate on subsidiarity. My own standpoint is different. We are often told that in the German mind the word "federal" is not pejorn-tive, and certainly not a code word for hyperential centralisation but bureaucratic centralisation, but rather means the decentralisation of power. A true federation, which retains maximum powers for the low-est elected bodies seems more likely to be democratic than a centrally-dominated state such as Britain. But I sympathise with the IRA authors over policy: imposition of French and/or German political nostrums in under the guise of promoting inter-state commerce would not be acceptable. Let us have a Labour government, but let us, in the spirit of subsidiarity, be free to choose it for ourselves. *Subsidiarity — as history and policy. IEA, 2 Lord North Street, SW1

Basic Incomes

How to mend the social safety net

By Andrew Dilnot

he UK social security system still needs reform; radical suggestions for it are made by Samuel Brittan and Steven Webb in Beyond the Welfare State*. Brittan and Webb assess a

system based on Basic Incomes (BI). A BI scheme pays a bene-fit to all individuals regardless of income or willingness to work, and is funded (ideally) by a single tax rate. Most other benefits, and tax allowances, would be abolished.

Three main arguments for Bi are identified. First, the current system fails to act as a safety net. More than 1.5m families had incomes below the Supplementary Benefit level in 1985 because of non take-up of benefit, circumstances not cov-ered by the rules, or disqualification. Some of these gaps may be defensible, but most are not,

and should be plugged.
Second, the current system
damages incentives. But a BI
would create incentive problems of its own by abolishing
tax allowances and raising the

The third argument is that it is right that benefits be paid regardless of status or needs. port the voluntarily unem-ployed is a question for politi-cians. Whether the state should sup-

A "pure" BI at a generous enough level to abandon other benefits needs an income tax rate of 70-85 per cent, and is therefore impossible now. But many look to a rosy future when such a scheme will be possible. Brittan tackles this possible. Brittan tackles this problem, saying that the only hope is to accept "a distinct and growing gap between national income per head and the target minimum"; that is, those relying on BI would fall behind the rest, enabling the scheme to be funded.

All this agents too ontimistic

All this seems too optimistic. Beveridge expressed similar hopes in 1942, but post-war governments have not been happy to see lone parents or the old, the sick and the disa-bled fall behind. Universal benefits were too expensive to raise; our incoherent meanstested benefits were born to help the poorest groups. The same would happen again. Webb presents a quantitative

analysis of an alternative cost-cutting route, abandoning indi-

vidual-based BI for a family-unit BI, avoiding the expense of paying non-working members of reasonably well-off families. Another scheme abolishes all but a small residual tax all but a small residual tax allowance and imposes a single income tax rate of 40 per cent while paying the current intome Support level to all families. Such a scheme, by automatically paying benefits to all, could deal with the holes in the asfety net. in the safety net.

But means-tested housing benefit is retained, and the numbers facing marginal tax and benefit withdrawal rates over 50 per cent rise because of the virtual abolition of tax allowances. The cost could be cut by imposing a higher with-drawal rate on low incomes, as is the case now.

The most useful contribution to the debate comes in the final chapter, which argues for an unpacking of the Bi idea into its constituent parts. Most of the components outlined are supported by most people interested in the reform of social security: speed and automaticity of payment, closer integration of tax and benefit administration, symmetry of treatment for net recipients and net contributors, adequacy of benefit level.

The others - payment of benefit without work test (or any other test) and a single withdrawal rate – are the dis-tinguishing features of BL, and far more controversial. Brittan and Webb are happy to aban-don a single tax rate to allow increased generosity to the poor, a trade-off I heartly

No solutions are offered, but many difficult questions are tackled, and some clever ideas outlined. Those interested in social security would do well to read their pamphlet and ponder on the distinguishing elements of BI, while uniting behind a call to plug the gaps and improve the administration of our present system.
*Beyond the Welfare State: An examination of the role of basic incomes in a market economy Samuel Brittan and Steven Well (David Hume Institute

Andrew Dilnot is deputy direc tor of the Institute for Fiscal Studies.

Paper No. 17). Aberdeen Univer-sity Press, £6.95.

LETTERS

Drop the poll tax: a revised rating system could be the substitute...

ing out of support for the Conservatives". I wonder "what or on all, be easy to assess and

From Mr Stephen F. Timmins.

Sir, As you write ("Picking up the pieces", November 24), and as predicted by many, the "poll tax has knocked the stuff-" should bear as lightly as possi-

Candidates in the recent leadership election all

...But not based on selling price

From Mr Henry Low,
Sir, Is it too much hope that
politicians will grasp the full
import of your leading article
("Fudging the poll tax",
November 30), in which you
propose "a property tax that
reflects imputed rental income
or capital value of the site of
domestic dwellings"?
This is, of course, a very different thing from the former
rating system, which, taking

rating system, which, taking into account buildings and improvements, was inded a "roof tax".

To appreciate the advantage

of your proposal, it is neces-sary only to look at the 50-odd houses in my street. Although they were all built at the same time and are superficially identical, they are all very differ-ent, and if the new tax were to be based on selling prices, each inspected to determine its mar-ket value. Yet they all stand on identical plots, and enjoy the same services.

The system you propose would avoid the complexities and the administrative costs entailed in assessing buildings and improvements, while maintaining the clearest possi-ble relationship between pay-ments and benefits received. 19 Queen's Gardens Brighton BN1 4AR

From Mr Robert Holland. Sir, When the new Tory leader carries out his "review" of the poll tax, what are the chances that he will start with an accurate version of the Douglas Hurd stated in a TV

Why the £9m electricity payout? Why then did the govern-

From S.E. Scammell Sir, That the electricity issue would be over-subscribed was a certainty once a safeguard had been written into it to cover any market collapse owing to war in the Gulf. ment pay out £9m to unneeded underwriters? S.E. Scammell East Knoyle, Salisbury.

Good response to start-up funds

From Mr Michael Russell. Sir, I would like to respond to your article "EC to relaunch business start-up funds" (November 22). Far from being disappointing, the response was extremely encouraging: 24 funds were selected to be full members of the network from more than 80 applicants, and a further seven were included on

a different basis.

We are still receiving applications to join and are considering a form of associate membership of the scheme by which funds, though not bene-fiting from the financial incentives offered by the Commission, would have access to its general networking facilities. It is also untrue that "prob-lems are particularly acute" in

AHWKIS

the British and Irish funds. There are about half a dozen members in several countries which have not completed their funding arrangements, and this for a variety of rea-

funding itself.

The "relaunch" is intended to draw attention to the appointment of the European Venture Capital Association to co-ordinate the network and to emphasise the continuing com-mitment of the European Commission. If it also helps to per-suade institutions and others to invest in some of the funds in the scheme, we shall be well

sons not all connected with the

Michael N. Russell, co-ordinator, European Seed Capital Fund Network, Brussels

interview on Sunday November 25 that central government house would have to be pays for three quarters of local authority spending. In Coven-try this year, the poll tax payer is paying for 37 per cent not 25 per cent of services received. and Coventry was not "capped". Robert Holland, Labour councillor, 8 Mount

From Dr D. J. Stranbridge Sir, You featured "The Tow-ers", East Finchley, as the

most expensive house on the London market ("Mere millionaires need not apply", November 10). It must provide an outstanding example of the fairness of the community D.J. Strawbridge, 222 North Allington, Bridgort,

Street, Coventry

Dorset DT6 5EF

expressed a willingness to review the poll tax to see what improvements could be made "while maintaining the principle". I beg to ask: what principle? Citizens have paid or are paying dearly for their land, and the cost of the fruitful activities of the community at

arge - including the cost of local government - is reflected and included in the price paid. The poll tax requires citizens to pay again.

The tax must be dropped in favour of a rating system with payments levied on the occupier as previously, but revised so that valuation is on land only as distinct from buildings and improvements. The price of land would be reduced by operation of the market and the Universal Law of Rent and Wages as formulated some 25 years ago by the School of Roonomic Science. A system of land registry could be set up, open to public scrutiny and with an appropriate system of appeal by which to challenge valuations. The present Land Registry just will not do. Stephen F. Timmins Stephen P. Timmus 38 Dry Hill, Crockerton, Wills

Exaggerated and misleading figures do not help discussion

From Mr Jeffery Bowman. Sir, I have been asked by the Canadian firm of Price Waterhouse to correct a misleading impression given by your report ("Million-dollar lawsuits plague US firms", Nov 29). The article states that "Price Waterhouse ... settled two large lawsuits in Canada recently...
The first suit claimed \$100m in

damages while the second was for a \$40m mistake." The clear inference is that Price Waterhouse has paid out significant sums in damages in Canada in respect of these matters. In fact, PW Canada has not paid out any such sums. In the article, reference was made to a lawsuit relating to Calgroup: while the company and certain parties threatened to sue PW Canada for \$100m, they did not proceed. A separate lawsuit in

respect of other shareholders of Calgroup was launched in the US but was settled on a

basis that did not involve the payment of substantial The article also referred to lawsuits relating to National Business Systems. There are several lawsuits outstanding in which a number of parties, including PW Canada, are named as defendants. However, in the only one of these which has been dealt with judicially, the claim against PW was dismissed, and there has been no final disposition to date of the other NBS actions. In the same article there is a reference to the US firm of Price Waterhouse facing a U\$\$2.4bn lawsuit. This case has been in progress since 1988 and is due to come to trial in 1991: I cannot therefore comment on it in detail. However,

preposterous claims of fraud. Jeffery Bowman, senior pariner, Price Waterhouse, Southwark Towers, 32 London Bridge

public discussion of the issue of litigation against auditors is

not helped by exaggerated and misleading figures inflated by

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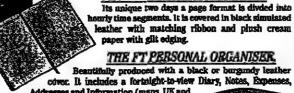
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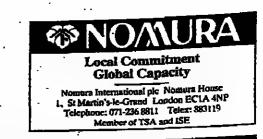
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FINANCIAL TIMES

Friday December 7 1990



duction. So while pre-tax profits could well exceed £1.3bn this year, it would not do to assume an advance in earnings

per share or anything like the 22 per cent dividend increase in 1990.

in 1990.

But the key to Hanson, as ever, is its cash flow and the scope it leaves for deal-making. The headline figure of 56.9bn cash is a shade misleading: net of borrowings, the pile dwindles to a comfortable but less grandiose £564m. At the operating level, cash flow may still look good. There is still scope for Hansonisation at Peabody Coal, where 265 head office staff have gone so far. Capital expenditure group-wide should not be much more than 1990's £250m. But the tax charge has

not be much more than 1990's £250m. But the tax charge has been inching up towards 25 percent. Tax and dividends combined will suck out at least £813m this year.

It may therefore be a trifle early for commentators to start

forecasting a huge Hanson bid in the near future. An added

obstacle is that Hanson's ability to break up businesses it acquires depends on the willingness of the banks to lend to those buying the bits.

A year ago, analysts were talking of Pilkington making pre-tax profits of £375m and earning 30p per share this year. After yesterday's 30 per cent fall in interim pre-tax profits, it will be lucky to make £300m or 150 per share Newt

200m or 15p per share. Next year could be even worse. The dividend has been held, gear-ing has edged over 50 per cent and the only thing stopping the shares falling further is a near 9 per cent yield.

near 9 per cent yield.

Pilkington is not yet in the same league as Standard Chartered or Trafalgar House, but it is slowly developing into a great British company which seems to be losing its way.

With 60,000 employees, it is one of only a handful which can fairly claim to be a world leader in a major industry. Of course, it was never going to

course, it was never going to

buck a global recession. But it has exhausted the stock of goodwill which enabled it to see off BTR four years ago. Its sermings have stagnated, it has

no scope to raise its dividend and any substantial profit

recovery is at least two years

If Plikington is to have an

independent future, it needs to prove fairly soon that it can get to grips with its cost base and sort out its troublesome Visioncare acquisition. The

Pilkington

The view beyond

the Gulf

25 yr high-coupons

asked how much farther the stock can go after outperform-

ing the market by 20 per cent in the past year. But perhaps there is a more positive way of looking at it; the price relative to the market is still 15 per cent below its all-time high in

Since the end of June, GUS

'A' shares have outperformed the market by 30 per cent. Long-term holders have little cause to rejoice after years of lagging the market, but at least the group's defensive merits have been better recognises the Calfering

merits have been better recog-nised since the Gulf-crisis. Yesterday's interim results were alightly better than expected. The 8.5 per cant half-year dividend increase was jus-tifiable given a cash pile of over 2450m. Much of the 6.5 per

cant rise in pre-tax profits came from better margins in home shopping. At best, how-ever, sales were flat and will

ever, sales were flat and will probably fall in the second half, so margins will stay under pressure. For the full year, prospective profits of £435m and earnings of 113p per share suggest a p/e of around 10 and a yield of 4.5 per cent. That looks fair value, or even slightly cheap on the basis of relative growth in earnings.

Only a rash observer would

say Hanson has no chance of keeping its earnings per share growing in 1991. But the signs are not suspicious. At least half a dozen of its businesses,

headed by aggregates and tita-nium dioxide, are up against unusually trying operating conditions already. The one

indisputably recession proof business is Imperial Tobacco. But that is also one of the hig-gest capital spenders, as it

Hanson

Redemption yield (%)

Failed S&Ls could cost UK \$5bn

By Richard Lapper in London

THE LONDON insurance market could face losses of up to \$5bn as a result of claims linked to the Savings and Loans crisis in the US, a leading firm of UK solicitors claimed yesterday. In the US, regulators at the Federal

Deposit Insurance Corporation are prepar-ing More than 100,000 civil recovery actions against directors, banks and advisers of the S&Ls - which provide finance for domestic housing – in a bid to recoup \$300bn lost by the institutions through alleged fraud, embezzlement and

regigence.
Claims could be made on so-called D&O insurance policies, which indemnify directors and officers against liability in

respect of acts such as negligence, breach of trust or wrongful advice.
Claims could also be made on professional indemnity policies taken out by accountants, attorneys and real estate agents, among others.

Some of these policies were either directly underwritten or reinsured in the London market.

About a third of 3,000 S&Ls have entered into difficulties or become insolvent over the past 10 years, after imprudent lending and rapid expansion in the aftermath of deregulation. Because the deposits in S&L accounts are federally insured up to \$100,000 per account, the US government has had to assume primary responsibility for the losses.

In a report on the issue, Davies Arnold Cooper, which specialises in insurance and represents a number of leading figures in the Lloyd's insurance market, claim that if only 10 per cent of the projected losses are recoverable from insurers, the London market could expect claims of between \$3bn and \$5bn.

London market insurers reacted scepti-About a third of 3,000 S&Ls have

London market insurers reacted scepti-cally to the firm's claims. One leading underwriter of US liability risks said that

only a modest pecentage of US D&O husi-ness was now piaced in London. However, one broker who has speci-alised in placing the liability insurances of financial institutions, said "claims could technically get to the \$3hn-5hn mark". However, there were "a lot of coulds in there".

Mr David McIntosh, a senior partner in Davies Arnold Cooper, insisted that "the S&L debacle has all the hallmarks of an action replay of the asbestosis and pollution crisis which have severely disturbed

the world's insurance markets".

Losses of this scale could even exceed those resulting from asbestos-related claims of the early 1080s, which have so far totalled about \$3bn-\$4bn. US court awards to asbestosis victims led asbestos producers and many other companies to claim on their liability insurance policies, many of which were either placed directly

offers to negotiate sale of

By Kevin Done, Motor Industry Correspondent,

chairman and managing director of Nissan UK, the privately owned company which is the exclusive distributor of Nissan vehicles in the UK, has offered to negotiate the sale of the company to Nissan Motor of

Inpun.

The surprise move by Nissan's most important European distributor, follows protracted disagreements this year between the two companies over the Japanese car maker's pricing policy for the UK market.

The conflict developed into a

The conflict developed into a public row during the autumn launch of the Nissan Primera,

Nissan UK has fought an intensive campaign against the Japanese carmaker all year in order to try to reduce the wholesale price at which it has to buy the Nissan Primera. According to NUK, the present arrangement is making it virtually impossible for it to penetrate the all-important UK fleet market for company cars, where the bulk of the compet-

ing models such as the Vaux-hall Cavalier, Ford Sierra and Peugeot 405 are sold. Mr Botnar said that he had written in recent days to both Mr Yutaka Kome, president of Nissan and to Mr Takashi Ishihissan and to mr razasti isphara, Nissan chairman, to seek top-level talks in order to discuss and agree principles for Nissan's takeover of NUK.

Mr Bottom said that he was prepared to dispose immedi-ately of a minority stake in plete takeover phased over

to the agreement reached at the beginning of the year between Inchcape and Toyota for the gradual acquisition by the Japanese carmaker of a majority stake in Toyota (GB), the Inchcape subsidiary, which is Toyota's UK importer/dis-tributor.

of the past experience of our

ered.

distributorship. The gradual takeover was supposed to have begun when Nissan started production at the Sunderland plant in 1986. A memorandum of under-standing was signed in November 1985 between Mr Botnar and Nissan Motor and Mitsui,

The success of the Nissan franchise in the UK has been instrumental in making Nissan the leading Japanese car marque in Europe, but its sales have begun to flounder this year. Nissan's new car registrations in the UK have fallen by 22.3 per cent in the first 11 months, depressing its market share to 5.4 per cent from 6.1 per cent a year ago.

Chairman Nissan UK

ration of his skill at haggling. The release of the hostages is part of a process of apparent detente which this week has taken \$6 off the oil price and added 100 points to the Dow. But it does little to affect the likelihood of war, since it has no hearing on the comparing the com OCTAV BOTNAR. likelihood of war, since it has no bearing on the occupation of Kuwait. The jump in world equity markets on yesterday's news proved correspondingly short-lived. The week's gains could still be reversed by a chance remark from either

The market reaction to

President Saddam Hussein's latest initiative must be a com-bination of trritation and admi-

side.
All this serves to mask a

more fundamental bullish ten-dency over the past month - the strength of bond mar-kets around the world. This is

particularly surprising in the US, where inflation is still ris-

os, where mination is star ra-ing sharply. It has to be assumed that the markets are looking through the recession to a period of falling inflation further out. The forces holding

equity markets down remain formidable: the Gulf, the wor-

ries about the US and Japanese

banking systems and, most recently, the fear of a 1930s-style plunge into protectionism should the GATT talks finally

collapse. But the underlying tendency is upward, all the

Perhaps the most striking figure in Grand Metropolitan's full-year results is not in the profit and loss account at all. Operating cash flow in the year was £lbn, after an £800m bill for brand promotion. This puts GrandMet's net debt of £2.9bn in a slightly different light, especially since the figure will be reduced by some £800m on completion of the Courage deal early next year. But then, GrandMet's defensive strengths were never in doubt. Recession and dollar weakness notwithstanding,

weakness notwithstanding, earnings this year should still be slightly ahead of last. The question, as always, is one of strategy. Since October 1988

the company has bought UB Restaurants, sold William Hill

particular.

ransition. In

GrandMet

launch of the Nissan Frimera, the Japanese group's large family car which has replaced its Eluebird range, and which is produced at its assembly plant at Sunderland in north-east England - the first Japanese car plant in Europe. In October Nissan UK openly accused the Japanese car maker of acting "mnfairly"

openly accused the Japanese car maker of acting "unfairly" against the British consumer. The company, which is controlled by Mr Octav Botnar, claimed that the British consumer was "effectively having to subsidise" the price of UK-built Missan cars sold more cheaply in West Germany, the Netherlands and Belgium, "where the distributors are owned by Nissan Motor Company itself".

and Berul Inns and undertaken the radical Courage deal. Only GrandMet could describe this as a period of consolidation.
While this relative calm may last a while yet, there remains the feeling of a company in food business is not yet big enough for a world inhabited by Unilever and Philip Morris. More immediately, it might be

Such a deal could be similar

Mr Yoshikaza Kawana, pres-ident of Nissan Europe, said that Nissan would consider Mr Botnar's latest offer "very seri-ously". He said the two sides had negotiated previously, however, and "we really are very doubtful that they will have businesslike negotia-tions. We do have some doubts whether these kind of negotia-tions can be successful because

dealings." The relationship between Mr Botnar and Nissan has a chequered history, and earlier agreements in principle for the

When Nissan Motor began its feasibility studies a decade ago for establishing an assem-bly plant in the UK, it was agreed that it would eventu-ally take over the importer/

the Japanese trading house for the sale of 26 per cent by the end of July 1986 and 100 per cent by the end of July 1988, but the deal came to nothing.

Industrialists | Poland hears popular appeal want tough action from Gorbachev

By Leyla Boulton, in Moscow

DIRECTORS of 3,000 state enterprises are today set to demand that President Mikhail Gorbachev take tough action

We want order in the country. We need to stop creating committees and start work. Let the president carry out his job and we will carry out ours," said Mr Viktor Komarov. director of a tube factory, as he left a closed two-day conference which began yester-

day.

The industry chiefs, assembling in the Kremlin, convened the meeting with the aim of reading the riot act to the country's politicians. The industrialists are frustrated with perestroika's failure to deliver tangible economic ben-efits, and want order, discipine and steady supplies. The directors are expected to list their demands in a formal appeal to be issued today.

They are apparently not too choosy about how the Soviet leaders, already under pressure from a disgruntled parlia-ment, go about imposing

Mr Gorbachev has outlined constitutional amendments which will strengthen his own power, while giving some more responsibility to the republics, but this is not good enough for the people who industries.

Mr Alexel Vasiliev, director of the October plant in Leningrad, said that Moscow should stop issuing new laws and decrees which nobody heeded and concentrate on carrying out earlier decisions. He and another colleague, Mr Benjamin Kuznetsov, director of a chemical factory in southern Russia, agreed this required slowing down the pace of economic reform, and strengthening executive gov-

ernment.
One elderly provincial director said demands also included a freeze on all sovereignty declarations

He said that Mr Boris Yeltsin the popular Russian president who has pushed for these rights, had come under fierce attack at the conference.

We have four conductors at the moment - Gorbachev, Yeltsin, our regional council and our city authorities," said the delegate, who declined to would not be named.

They are all playing a different tune, but we want one tune: a presidential one." The conference is also pro-

posing an economic agreement which would bind republics to preserving existing ties: a euphemism for traditional state orders and supply con-tracts. But it is difficult to see how the agreements would be implemented, except under a

tem. Mr Nikolal Ryzhkov, the prime minister, and also a for-mer manager of the mighty Uralmash combine, said that only half contracts needed for next year had been signed so far. He also sought to reassure the directors by saying his government agreed that "old structure should not be demol-

Mr Ryzkhov, attacked by critics as being incapable of introducing a market economy, appeared to find a last bastion of support among many of his former colleagues.

WORLDWIDE WEATHER

of a presidential pretender By Christopher Bobinski recently in Jastrzebie

AN UNEXPECTED finale to Poland's presidential election is showing that the Poles' much-praised stoicism in the face of this year's hardships is

coming to an end.
On Sunday, Mr Stanislaw
Tyminski, a Polish-Canadian
businessman unknown until a month or so ago, will challenge Mr Lech Walesa for the presi-dency, the country's most pow-

erful post.
Mr Tyminski will probably lose, since Mr Walesa should have the united Solidarity trade union vote behind him. Moreover, the influential Roman Catholic church has made it clear that it wants a Walesa victory.

But in the space of just a few weeks Mr Tyminski has accuweeks Mr Tyminski has accumulated an impressive coalition opposed both to present government policy and to Solidarity's political hegemony. The Tyminski campaign unites many of those dislodged from power since the summer of 1989, when Solidarity took over from the Communists. More important, he has drawn many ordinary people who are beginordinary people who are beginning to despeir that their lot will ever improve.

Their frustration has exploded in the past few days at Mr Tyminski's railies in coal-mining towns, where

workers have not only seen themselves fall from the top of the country's pay league but now fear for their jobs. Mr Walesa had hoped to har-

Mr Walesa had hoped to harness such discontent in his campaign by criticising the government of Mr Tadeusz Mazowiecki, his erstwhile ally, and then defusing such criticism, for a time at least, to give the expected benefits of Palend to program a character. Poland's reforms a chance to trickle down. But he miscalculated and opened the way to Mr Tyminski's populist drive.
Mr Tyminski has been reaching the people who have begun to slide down the social scale.

They have grasped his message that they can emulate his ragsto-riches success story in North America and Peru if

they vote for him.

Low taxes, a massive devaluation of the Polish zloty to spark an "export offensive" against the west, a foreign policy based on trade and warnings that Poland is the object of foreign economic aggression – such is the populist and popular daily fare served up by Mr Tyminski.

At Jastrzebie, a new, dreary mining town on the southern frontier, with over 100,000 population, just under helf of whom voted for him on November 25, he told a crowd

of 4,000 on Tuesday: "Long live a Poland independent of for-

eign capital." "Foreign influence has ended in Poland because they have understood that Stanislaw

understood that Stanislaw Tyminski represents the will of millions, they don't fear me, they fear you," he shouted into a microphone above the din, his Peruvian-born wife Graciela beside him.

Away in the body of the hall, a group of heavily outnumbered Solidarity loyalists chanted "Back to Peru, back to Peru," and "KGB," an allusion to suspicions that Mr Tyminski has had connections with the former Communist security apparatus. apparatus.

The scene exceeded Walter Mitty's wildest dreams for the slight 42-year-old emigrant from a middle-class Toronto

suburb.
Joining in the ecstatic applause were a handful of Jastrzebie's former local security policeman, all purged by Solidarity earlier this year.

A few yards away, a woman explained why she was going to vote for Mr Tyminski: "Twe seen what the Communists did to the country, I've seen what Walesa has done. Let's give Tyminski a chance." She admitted, though, that she Tyminski a chance." She admitted, though, that she knew nothing about him.

Bond charged under securities code after bank investigation

By Kevin Brown in Sydney

MR ALAN BOND, one of Australia's best-known businessmen, was charged under the Western Australian Securities Code yesterday after an investigation into the collapse of a merchant bank.

The charge against the majority shareholder and for-mer chairman of Bond Corporation Holdings, producer of Swan and Castlemaine XXXX lager, was brought at police headquarters in Perth by law-yers acting for a special government task force. Its investi-gators have been examining the collapse of Rothwells, a merchant bank run by Mr Lau-rie Connell, a friend and business associate of Mr Bond.

Mr Bond was released on bail of A\$100,000 (\$77,519.30) with a surety of the same amount, to appear in Perth's central law courts today. He said in a statement: "I am absolutely innocent of any wrongdoing, and the charge will be strenuously defended."

Mr Bond is the most promi-nent of a number of business-

men, mostly based in Perth, to be charged by the task force.

maintain the pressure. "I don't want people to think

incentive.
"We are not going to get diverted from the full implementation of the UN resolu-tions to give him some face-saving way out of some-thing he shouldn't have got into in the first place," he

said. Both Mr Bush and Mr James



have denied the charges.
Rothwells, which went into liquidation last year, was the subject of a parliamentary report published in August by Mr Malcolm McCusker QC.

between Rothwells and Bond Corporation Holdings from

Others include Mr Connell himself; Mr Geoff Lord, a director of Fosters Brewing; Mr Peter Falk, a Sydney stockbro-ker, and Mr Dallas Dempster, a Perth casino developer. All

Alan Bond: denies charges

which blamed the collapse on Mr Connell. The McCusker report said Mr Connell falsified Rothwells' annual accounts to hide debts

which had grown to at least A\$350m by 1988. Rothwells announced record profits in 1987, a month before it was temporarily rescued by a con-sortium including Mr Bond and the state government.

The charge against Mr Bond alleges that he dishonestly concealed an arrangement

another member of the rescue team, Mr Brian Coppin. The rescue arrangement pro-vided for Bond Corporation Holdings to contribute A\$17m to the Rothwells rescue. But it

is alleged that Mr Bond did not tell Mr Coppin he was to receive a A\$16m fee for helping to authorise the rescue. The charge alleges that by

concealing the arrangement Mr Bond induced Mr Coppin to contribute to the arrangement through an underwriting agreement with Wardley Aus-tralia Securities.

man of the European Commu-nity council of ministers, said:

I hope this is the first step

Saddam orders freedom for hostages minister and current chair-

Continued from Page 1 stop on a Latin American tour, Mr Bush said the Iraqi announcement showed that his strategy was working and the international coalition had to

there are secret negotiations or that L on behalf of this worldwide coalition, will even consider making a concession or

Baker, the US secretary of state, stressed that the release of all hostages would not mark the start of a period of bar-gaining either about Iraqi withdrawal from Kuwait or about other issues such as the Arab/Israeli dispute.

We've got to continue tokeep the pressure on. It [the hostage freedom report] would be welcome if true, but it will not change my thinking on his [Saddam's] need to comply 100 per cent, without condition, to the UN resolutions," Mr Bush told a news conference. His remarks were echoed by Mr John Major, the British prime In Rome, Mr Gianni de Michelis, the Italian foreign

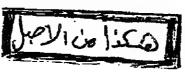
towards complete compliance with UN resolutions." Mr Bush said there was no linkage between the invasion of Kuwait and the Palestinian Mr Yitzhak Shamir, the Israeli prime minister, in London for stopover talks with Mr Major, reiterated his govern-ment's lierce opposition to an

international peace confer-The US wants to maintain an uncompromising public line to convince the Iraqi leader that he faces military action unless be withdraws.

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THE FINANCIAL TIMES LIMITED 1990

Friday December 7 1990

INSIDE Where AT&T bid

does not compute



AT&T's \$6bn bid to acquire NCR is not shared within the US computer industry. "There is no history of success of computer problems through merg-ers," says Mr John Scul ley head of Apple and one of many US com-

puter company chief executives to express their misgivings. Page 22

GUS profits rise 6%

24,750

F 1.5

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State of Page

North Many

Trading is grim on the UK high street. But Great Universal Stores, the home shopping, retail, finance and property group, still managed to grind out a 6 per cent gain in interim pre-tax profits. Mr Richard Pugh, the deputy chairman, said: "I think that conditions are very tough and will probably be even tougher in the second half, I do not see any marked Improvement this side of autumn next yeer."
John Thornhill reports, Page 30

Plikington 30% down at midway Pre-tax profits at Pilking-



ton, the UK glass maker, have fallen by 30 per cent for the six months to September 30 because of tougher economic conditions around the world and the strength of sterling. The fail was not as steep as some analysts had

feared, and the company maintained its interim dividend. Andrew Rob. finance director, said the group would cut back on capital expenditure over the next 18 months, and continue to reduce employee numbers. Redundancies cost about £4.5m (\$8.6bn) in the first half. Page 28

Honshu's walk on the wild side

Wild gyrations have been seen this week in the Tokyo-listed share price of Honahu Paper, a leading Japanese papermaker. The cause has been reports that Oel Hong Leong, president of United Industrial Corporation, a company listed in Singapore, is in a position to take a signifi-cant stake. If he goes sheed he could stir up as much controversy as Mr T. Boone Pickens. the Texan corporate raider, did last year whe he bought into Kotto Manufacturing. Page 24

Angle United is ahead of schedule on debt repayment



Anglo United, the UK fuel distribution company, increased turnover from £166m (\$319m) to £321m in the six months to September 30 and improved trading profits from £7.3m to £15.5m. Last year the group borrowed heavily to buy the much larger Coalite group for £478m, and vesterday Mr David McErlain (left), chairman, said debt repayments were shead of schedule. Page \$1

Market Statistics

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Goodman inti Chief price changes yesterday PARIS (FFr)

Air Licentin GTM-Ent. Printeraph UAP Paille Received 65 MEW YORK (\$) Rimes
Gen. Motors
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EM New York prices at 12.30.

Ford and VW seal European joint venture

FORD of the US and Volkswagen of Germany are expected to give the go-ahead next week for an ambitious joint vehicle development programme in Europe, which will include building a

which will include building a new assembly plant, most proba-bly in Portugal.

The project, expected to involve an investment of between \$2.5bn and \$3bn, will have a capacity of 150,000 to 200,000 vehicles a year.

vehicles a year.

The programme has been approved by the Volkswagen supervisory board and is expected to receive the backing of the Ford board next week.

The Ford/VW collaboration involves the development of a so-called multi-purpose vehicle or people carrier, a high roof 7-8 seat estate car.

The nicke for such vehicles

The niche for such vehicles, pioneered in Europe by the Ren-ault Espace, is expected to be one

of the fastest growing segments of the European car market in the 1990s. Output from the plant, likely to be a 50/50 joint venture, will be shared between the two groups

and marketed separately under the Ford and VW badges. The most likely location for the assembly plant is Setubal, near

The final choice, however, dependent on Ford and VW receiving financial support from the Portuguese government and the approval of the European Commission, which has the power to investigate state aid to

VW and Ford are already allied following the merger in 1987 of their local operations in South

Hanson

Share price (pence)

America to form Autolatina, owned 51 per cent by VW and 49 per cent by Ford.

Multi-purpose vehicles are claiming a growing share of the US car and light truck market following the pioneering success of the Chrysler Voyager launched in 1983.

Chrysler is preparing to assemble the Voyager in Europe in a joint wenture with Steyr-Daimler Puch in Austria.

Puch in Austria.

The concept has also been developed by several Japanese vehicle makers, including Nissan, Toyota and Mitsubishi, which have entered the market in Europe with their Prairie, Previa and Space Wagon ranges.

Ford and VW's decision to co-operate in this sector is evidence of the growing pressures on even the world's biggest vehicle makers to collaborate.

As part of this process:

vehicle makers to collaborate.

As part of this process:

Ford linked last year in Europe with Nissan of Japan for the joint development and production of a four wheel drive leisure/utility vehicle.

Ford has also linked with Nissan in the US to descion a multisan in the US to develop a multi-purpose vehicle for North Amer-

Honda of Japan and Rover of the UK have jointly developed two car ranges.
Renault of France and DAF of the Netherlands are jointly developing a van range for launch in the mid-1990s.
Paugent of France and First of

● Peugeot of France and Fiat of flaly have a long established joint venture, Sevel, to develop and produce vans, which are sold under the Peugeot, Citroen and



Conferring: George Walker (left), head of Brent Walker, and Wilfred Aquilina whose compensation package could reach £400,000

Brent Walker's finance director steps down

By Maggle Urry in London

MR WILFRED AQUILINA has MR WILFRED AQUILINA has given up his post as financial director of Brent Walker, the UK leisure group which has just completed a refinancing package with its banks. He is expected to receive a compensation package of about £400,000 (\$768,000). However, Brent Walker will continue to employ him as a consultant.

statement yesterday saying that, with effect from December 5, Mr

director of Brant Walker." It also said he had resigned from the board and from the boards of its subsidiaries. Mr Aquilina is understood to

be one of two directors whose annual salaries are listed in the accounts as between £210,000 and £215,000. He was not available to comment yesterday. The group's shares fell 1p to 77p.

Brent Walker has already begun interviewing potential replacements for Mr Aquilina. The interviews of five or six capdidates will be completed by the end of next week. Also expected soon is the appointment of two new non-ex-

ecutive directors and possibly a ecutive directors and possibly a new chairman. The group's banks are keen to see a strengthening of the board, but any appointments need to be acceptable to both the banks and to Mr Walker, who, with his family, holds 27.1 per cent of the group's shares on a fully-diluted basis. Mr Aquilina's departure had been presed on the company by

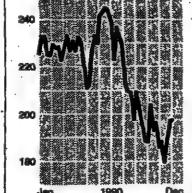
its bankers who were concerned that its financial controls had not kept pace with the growth of

One broker said yesterday that One broker said yesterday that companies such as Brent Walker, which grow rapidly under the direction of an entrepreneurial head, often find it hard to make the change to having a board more suitable to a large public company. The replacement of MrAquilina was a step in this direction.

tion. Brent Walker's troubles Page 32

Hanson ready to pounce on recession-hit prey

HANSON, the industrial



conglomerate, reported record profits of £1.29bn (\$3.2bn) before tax in the year to September 30, and is on the look out for further acquisition opportunities as recession weakens industrial companies in the US and UK.

The group's profits increased
21 per cent from 21.06bn in
1988-39, although sarnings grew
more slowly, after a tax charge of
24.4 per cent (23.6 per cent), rising 8 per cent to 19.9p (18.4p).

Hanson proposed a final dividend for its 250,000 shareholders
of 74m (6p) per share which

of 7.4p (6p) per share, which would make 10.4p (8.5p), a rise of 22 per cent for the full year. The

shares closed 3½p higher in a buoyant market at 199½p. Lord Hanson, the chairman said the conglomerate prepared its strategy for a deterioration in market conditions some time ago. although the group had only downturn in recent months.

The company would not go into detail about its plans for further purchases, except to say that any acquisitions would be made in the UK or US. At the year-end the company had cash balances of £6.9bn available for its continuing acquisition strategy -about £560m net of debt - and

Hanson said it had benefited from disposals from the Consoli-dated Gold Fields acquisition last year, which hadnow generated

The group's UK building products division suffered from the fall in demand for construction materials, and trading margins declined from 25 per cent to 15.5 per cent. The division made £146m (£100m) on sales of £942m

Mr Martin Taylor, Hanson's vice chairman and principal spokesman, said he thought the group's brick manufacturers. London Brick and Butterley

from the 18-month slowdown in that market.

Hanson's figures were, as fied, first contribution in these always, complicated by disposals and acquisitions.

Group turnover during the year rose from £7bn to £7.15bn, but the company managed to restrain costs and overheads at £5.87bn (£5.93bn). Mr Taylor said the company was confident it could cut costs

still further. He pointed out that the proces

of bringing overheads into line had only just begun at Peabody, the US coal miner. Hanson bought the outstanding shares in Peabody at the beginning of July

Mr Taylor added that Imperial

Tobacco, part of Hanson's large UK consumer division, was in the middle of a large productivity programme which he was confi-dent would lay the groundwork for further improvements in market share. Sales in the consumer division.

which also includes the battery manufacturer Ever Ready, were static at £2.7bn, but Hanson managed to push profits ahead to £283m (£245m).

FN rescue deal leaves small shareholders in the lurch

By Lucy Kellaway in Brussels

SMALL shareholders in Fabrique Nationale Herstal, the Belgian light-arms maker which was last week saved from liquidation, yesterday discovered that there was almost nothing left for them in the long-hoped-for rescue

Preference shares in the company fell by 73 per cent in Brus-sels yesterday to BFr36 compared with a price last week of BFr135. The scale of the fall was made particularly dramatic by a fire at the Belgian bourse which closed trading from Friday until yesterday morning.

Several shareholders expressed their bitterness over a deal which left them with the rump of the company with a large negative net shareholders value. The

group's more valuable industrial assets - carrying a balance sheet totalling BFr5bn (\$161m) and including the part of the com-pany that makes Browning guns - were sold last week to Glat Industries, the French arms

The rump consists of debt, some current assets, a 45 per cent stake in FN Motor, heavy provi-sions against the future costs of redundancy, and some poten-tially valuable tax credits.

The deal, struck on Friday after several months of complex negotiatious, allowed Société Générale de Belgique, FN's largest shareholder, to get shot of a business that had been a serious drain on its funds. drain on its funds.

ale has agreed to pay BFr6bn towards the social costs of restructuring.
Analysts said yesterday that

the outcome showed that La Générale had been under intense political pressure to ensure that FN remained in business at all needs of shareholders in second

Small shareholders own some 20 per cent of the original company. Those who participated in the rescue rights issue in Febru-ary last year have done particu-larly badly, as the shares were then being sold for BF1515. Yesterday there was a rush to

sell, and in very heavy turnover, the shares touched a low point of

HK Bank and Midland ponder link

By John Efficit in Hong Kong and David Lascettes in London

THE MIDLAND Bank and the Hongkong and Shanghai Bank will not extend their current standstill agreement when it expires in two weeks time. But they may renew their informal commitment to long-term co-operation and, possibly,

The three-year-old agreement, which limits the Hongkong Bank to owning 14.9 per cent of Mid-land, is the main formal bond which binds the two banks together. It was intended as a precursor to a complete merger, but the declining fortunes of both banks this year have forced them

to reconsider. The banks had been expected to extend the standstill into next year. But this plan appears to have been dropped because it would only create a fresh deadline which would become a focus for renewed speculation.
Hongkong Bank's board meets
next Tuesday to consider its final

position. It is still not clear whether the prospect of an open-ended commitment to Mid-land will appeal to directors, or whether they will favour a more clear-cut plan. The feeling in the Hong Kong business community is that the bank might prefer to terminate its marriage plans in order to free itself to find a mure suitable partner.

The steady approach of the 1997 deadline means that time is not on the bank's side. Deferral would also create uncertainty which neither bank wants. Midland is still keen to pursue

a marriage, in spite of the absence of any time frame. Even without a formalised commitment, Midland feels the bonds of co-operation between the two banks are now sufficiently strong to see them through a difficult period. The banks have created electronic links, for example, and reorganised their international operations to suit each other

Midland's board meets next Friday to consider the position. Neither bank is, however, expec-ted to make an announcement

The Hongkong Bank, which wants to secure a strong international role and overseas base before Hong Kong returns to Chinese sovereignty in 1997, bought 14.9 per cent of the Midland at the end of 1987. Both banks agreed that the stake would not be increased without mutual agreement before December 22 this year, and they therefore now feel they must make a public

Abandoning the marriage plans would damage the prestige of the Hongkong Bank and its chairman, Mr William Purves. Mr Purves has considerable personal power as no single shareholder owns more than 1 per cent of the over a 24-person board dominated

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that must be faced by asset managers around the world.

INTERNATIONAL COMPANIES AND FINANCE

Lawyers pile into AT&T bid fray

Martin Lipton, the takeover specialist, talks to Alan Friedman

HE hostile \$6.1bn cash bid for NCR by American Telephone & Telegraph (AT&T) was only hours old yesterday morning, but already an army of corporate lawyers for both sides had fired first salvoes in what may

become a very messy battle.

Lawsuits were filed both challenging and defending the merger law of Maryland, where NCR, the fifth biggest US computer company, is incorporated There were already more rated. There were already more than 100 lawyers in the fray. The man leading the charge for AT&T is Mr Martin Lipton,

the respected 59-year-old Park Avenue takeover lawyer, whose firm – Wachtell, Lipton, Rosen & Kaiz – is considered one of the most high-powered in the US. But his role, in what has rapidly turned into an acrimonious corporate battle, is not without irony; he is the man who invented the poison pill anti-takeover defence, known as the "Just Say No!" defence. Mr Lipton is also one of the pre-eminent opponents of junk bonds and hostile takerecent Financial Times article arguing against hostile take-overs and short-termism in cor-

porate America.

Mr Dennis Block, the senior partner at NCR's law firm —
Weil, Gotschal and Manges yesterday morning used his opponent's reputation as Mr Defence to take a pot shot at

Chemical Bank has been selected by AT&T to head up the bank group that will finance its bid for NCR, AP-DJ reports from New York. Chemical will commit \$600m toward the financing and will try to raise the remainder from other banks on a best-efforts basis.

Mr Lipton: "Marty will argue that this is a strategic offer and it is not hostile, but a hos-tile tender is a hostile tender, It's a rose by any other name."

Mr Lipton sought to deflect
the criticism, stating he had no objection to strategic mergers "where the acquirer is inter-

ested in building a business

rather than breaking it up." AT&T, he said, had no inten-

tion of dismantling NCR.
Wall Street, meanwhile,
believes that an AT&T takeover of NCR is now inevitable

the NCR share price jumped
by \$4% to \$91% yesterday
morning, surpassing AT&T's
a share bid.

But the communications

But the computer industry questions the strategic logic behind AT&T's quest for NCR. Mr Lipton responds that he judgments on strategy and if AT&T felt this was a strategic move "that's good enough for

The first legal action filed by Mr Lipton is a suit by AT&T in Baltimore seeking an interpretation of the state's busine combination statute, which normally would impose a merger moratorium of three years if the board of NCR does not approve in advance the ATAT offer.

Mr Lipton argues the statute should apply only to the pur-chase of NCR shares, not the solicitation of proxies. This is of crucial import because

AT&T could well start a proxy fight for board seats in a protracted takeover battle. notracted takeover battle.

NCR, for its part, filed a suit in its home state of Ohio, seeking a judgment upholding the Maryland merger law. NCR has also tightened its poison pill defence. So how does the taken of the poison pill see father of the poison pill see

inter of the poison pill see things from the other side?

Mr Lipton said he designed the poison pill to prevent either partial bids or to permit a "Just Say No!" defence arrainst selders. He terms against raiders. He terms NCR's position - that it sees no strategic reason for the merger, but would agree to talk if AT&T raised its price to \$125 a share - as a "reverse bear hug" inasmuch as the company has set an asking

price for itself.
Mr Charles Exley. chairman, vesterday said that while he was opposed to the AT&T bid, logic required the setting of a \$125 floor price. "Obviously there is a price where we would have to say yes." That is precisely what Wall Street and AT&T are bet-

Fear and scepticism greet move for NCR

ALL Street's excitement over AT&T's \$6.1bn bid to acquire NCR is not shared within the US computer industry, where executives are highly sceptical of AT&T's move to become a leading player though an acrimonious merger.

AT&T's hostile bid has also acrimonious that they its

raised concerns that other US computer companies may also now become the targets of unwelcome takeover attempts "I am more curious than envious," said Mr John Sculley, chairman and chief executive of Apple Computer. "There is no history of suc-

Louise Kehoe looks at reaction within the US computer industry

cess of computer companies solving their problems through mergers. When you combine two old-line companies, you do not form one new vigorous

company," he said.

Pointing to the current problems of Unisys, a \$10bn company formed by the merger of
Burroughs and Sperry, which
is struggling to survive, several computer executives expressed doubts about the wisdom of AT&T's move.

"The main beneficiaries of mergers in the computer indus-try have been competitors, because the companies become so focused upon organisational matters that they lose sight of their customers," said Mr Benjamin Rosen, chairman of Compaq Computer and a veteran venture capitalist. Mr Jim Mansi, chairman and

chief executive of Lotus Development, a leading software company that recently aborted a merger with Novell, a comouter network software company, described - with a heavy dose of sarcasm - AT&T's dose of sarcasm mergar strategy as "absolutely brilliant". Even Mr Robert Kavner.

AT&T's top computer execu-tive, was unable to offer any examples of successful computer industry mergers, when challenged at an industry con-ference in San Francisco ear-lier this week. Mr Kavner defended AT&T's

move, however, claiming that the proposed acquisition "would be different in several ways."
The difficulties of combining incompatible product lines which have dogged most computer mergers do not exist between AT&T and NCR, Mr

kavner pointed out, because both companies support "open systems" standards based upon AT&T's Unix operating system. AT&T also aims to avoid the

sition by handing over control of its own computer operations to NCR, Mr Kavner said. "We do not expect NCR's managers to preside over a down-sizing of their company," he stressed. While rationalisation will inevitably lead to plant closures and job cuts, "we will handle that side of it within AT&T,"

Although the combination of NCR and AT&T's computer business would form one of the largest electronics companies in the world, with combined total revenues of \$42bn and estimated computer revenues



John Sculley: he is more

of over \$7bn, both companies are currently "also-rans" in the

Neither company ranks as a major competitor, said Mr

carrious than envious

Scott McNealy, chairman and chief executive of Sun Micro-systems, the leading manufac-turer of Unix workstations, one of the fastest-growing seg-ments of the computer market. NCR is in the middle of transforming its general purpose computer product line from a proprietary base to "open systems" standards, based upon Intel microproces-

sors and AT&T's Unix com-

puter operating system. AT&T's efforts to make its mark in the computer industry are floundering amidst heavy

The NCR acquisition "is an essential strategic step," Mr Kavner claimed. "Together. NCR and AT&T will emerge as a world leader in network computing ... a strong American company, with NCR forming the core of AT&T's computer business," he claimed.

However, Mr Kavner failed to convince his audience of several hundred computer executives and venture capital-ists, attending the Technologic Partners computer conference in San Francisco this week.

Asked to predict whether AT&T would eventually acquire NCR, the majority raised their hands. Only a minority voted, however, when asked whether the deal should

go through.
"It makes me sick to hear
him talk about forming a great American company.

industry executive said ,
"NCR is already a great
American company. It does not need AT&T to step in and mess

 In an industry where inde-pendence is highly prized, it is clear AT&T has made an unpopular move. For \$6nn, AT&T could have acquired almost any US computer company, conference host Mr Richard Shaffer, of Technologic Partners, pointed out, sending a shudder through the audience.

By pursuing a hostile bid for NCR, AT&T has debunked the conventional wisdom of the computer industry that large US high technology companies are not vulnerable to corporate raiders because their value is closely tied to the talents of management and engineers who can "walk out of the

The fear now, however, is that if AT&T can force itself upon NCR, then it may be only a matter of time before another corporate giant - perhaps a European or Japanese company – launches the next M for a US computer company. launches the next bid

Navistar cuts loss to \$7m

By Karen Zagor in New York

NAVISTAR International, the leading US truck manufac-turer, has reduced its fourthquarter net loss to \$7m, or 6 cents a share, from \$13m, or 8 cents, in the fourth quarter of

The Chicago-based company said improved manufacturing efficiency more than offset the impact of lower sales in the latest quarter, which fell to \$771m from \$1.01bn a year ear-

Mr James Cotting, chairman, said industry-wide softness in retail demand for medium and heavy trucks, reflecting the economic slowdown in the US, remained the main factor behind Navistar's results. The company expects to report a first-quarter loss

because of lower sales volume. For the whole of 1990, Navistar had a net loss of \$11m, or 16 cents a share, against net income of \$87m, or 23 cents, a year earlier. Sales in the year fell more than 9 per cent to \$3.64m from \$4.02bn.

Fourth-quarter retail sales in north America for medium and heavy duty trucks dropped 15 per cent to 70,100 units. Navistar said its retail sales fell 12 per cent in the three months to 21,300 units.

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Marketing push

lifts profits 25%

IDV, the group's wines and

were lifted by 6 per cent in a generally static market.

Brewing profits increased by 22 per cent to £56m (£54m).

Pillsbury's food operations in North America, included for

the full year against nine months last time, lifted trading

profits 56 per cent to £183m (£117m). Green Glant led the

US frozen vegetable market, and bakery products and canned vegetables improved

market share.

Alpo, the US pet food company, which GrandMet tried to sell earlier in the year, made no profits contribution; but fol-

lowing the successful launch of a new cat food, is being aggres-

sively established as a new

business segment. European food businesses.

including Pillsbury and the Brossard baked goods being

developed as a pan-European hrand, recorded a 22 per cent growth in profits to £126m. Lex, Page 21

by GrandMet

GRAND Metropolitan, the international food, drinks and retailing group, spent £833m (\$1.6bn) on worldwide marketing and advertising last year as

ing and advertising rest year as it pushed up pre-tax profits 25.5 per cent from £732m to £919m.

Sir Allen Sheppard, chairman and chief executive, said marketing — up by £175m on the previous year — halped all

sectors overcome adverse sco-nomic conditions.

GrandMet's support for its brands, together with capital investments of £427m, would

also strengthen its trading position, he said.

"1991 is potentially a difficult year with the translation impact of a weak dollar on our considerable US earnings, forcer property dispersis and

fewer property disposals, and an increased tax charge. In spite of these factors and the

world economic situation, we expect further earnings

improvements through contin-ued trading growth."

Trading profit for the year to September 30 rose 12 per cent from £967m to top £1hn for the

first time. Earnings per share grew by

more than 15 per cent to 64.1p (55.6p). A final dividend of

12.8p increases the total payout by 16 per cent to 20.4p (17.8p).

INTERNATIONAL COMPANIES AND FINANCE

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Committee of the Same

carmaker, have formally sealed their wide-ranging exchange of share stakes and activities.
Mr Pierre Suard, CGE chairman, and Mr Cesare Romiti,
Fiat's chief executive, have signed the agreement amounced in October, under which the French company will build up a 3 per cent stake in Fiat and the Italians will take 6 per cent of CGE's capital. They also confirmed plans to create a joint holding comThis is one of Europe's big-gest cross-border industrial alliances and has created a political storm in Italy, where IRL the state holding company. had unsuccessfully tried to get Fiat to accept it as an alterna-

tive pertner. The pair will build up share stakes to the agreed levels over four years by buying in the open market and will also e each other with convert ible bonds. The exact split between shares and bonds and the prices at which they will be issued has yet to be decided, said a CGE spokesman. Details of the deal are as announced two months ago. pany to explore joint ventures in high technology businesses.

Itoman reassures creditors on

restructure

By Robert Thomson in Tokyo

OFFICIALS of Itoman & Co, the Japanese trading house with problem property debts, and Sumitomo Bank yesterday met with the trading house's spirits division, reported trad-ing profits 21 per cent higher at 2407m (2335m). Boosted by advertising expenditure of 2260m, brands such as Smir-noff, J&B Rare, Baileys and Malibu showed strong profit growth, and overall volumes were lifted by 6 per cent in a leading creditors in Tokyo to assure them that a new restructuring plan will have the bank's full support. The bank has sent several

officials, including Mr Eiji Tamai, a vice-president, to oversee the management of Itoman, which has already announced plans to reduce its property exposure by Y700bn (\$5.4bn) over the next year. Itoman has become a symbol of the dangers facing compa-nies attempting to take advan-tage of Japan's property price spiral, but which have been caught out by a surge in interest rates this year and a soft-ening of the real estate mar-

Mr Tamai indicated after the Mr Tamai indicated after the meeting that the bank, the largest lender, would release a largest lender, would release a plan by the end of this month, and that the plan would include large scale sales of real estate holdings.

He suggested that the property sales

He suggested that the pro-ceeds from property sales would be used to ease the repayment pressure from financial institutions, which have been made nervous by reports of Itoman's problems and by the apparent suicide last weekend of an Itoman

Suitors wanted for Enimont

RNI, the Italian state energy group, is seeking suitors for Enimont in a variety of chemi-cal sectors, but it has no inter-est in a single corporate marriage to another international group following the recent fraumatic divorce with Mont-edison, Reuter reports.

Mr Gabriele Cagliari, ENI chairman; said the company was actively seeking partner-

ships, joint venture and co-operation accords in several of Enimont's eight businesses ranging from fertilisers to plastics.

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All these Notes having been sold, this announ

The wonder of Woolies lives on

Leslie Collitt on the store's long-awaited return to east Germany

.W. Woolworth returned to east Germany and the grimy chamicals city of Halle yesterday after an enforced absence of 40 years.
Mr Harold E. Sells, chairman of the giant US retailer, and Mr Peter Ellegast, managing direc-tor of its German subsidiary, re-opened the first re-possessed Woolworth store, ushering in a hig expansion by the company in eastern Germany. The Halle outlet was one of 19 former Bast German stores spread as far as Königsberg, now the Soviet Kaliningrad, which van-ished behind the iron curtain

in Halle, as elsewhere in Germany, Woolworth – pronounced "Vulvort" – is widely believed to be a native German company. When the Berlin Wall was opened in November 1989, one of the first destina-tions of east Berliners in west Berlin was "Vulle" as Woolworth is affectionately known in the local dialect.

in the local dialect.

Although Woolworth only officially reclaimed its ginger-bread-style 1890s building in Halle last week, it kept ownership in the land register since the property was seized by the Communist state in 1960. Such clear proof of owner-ship gave Woolworth an advan-tage over many western German retailers seeking bridgeheads in sastern Germany. They were obliged to form joint ventures with east-



ern German retailers, such as Konsum or the former giant Handels Organisation (HO) which is to be broken up.

Whether by design or over-sight, the Halle store continued to display the familiar red Woolworth sign until the Kon-sum retail co-operative took it over in 1970 for use as a shabby shoe outlet. In a fitting touch, Ms Friedel Machner, a spry 77-year-old pensioner from Halle who managed the store from 1957 to 1969, was guest of honour at the re-opening.

After asserting ownership earlier this year, Woolworth renovated the handsome buildshopping street and modern-ised the store at a cost of DM1.5m (\$1m), The second Woolworth in eastern Germany is to open shortly in the Thu-ringian town of Sommerda. It is not far from where Woolworth maintained a buying office and warehouse since 1913 for the local wooden toys

and Christmas ornaments which it sold in the US. Last year, Woolworth in West Germany bought well over DM100m in East German-made toys and textiles.

Another Woolworth store will be re-opened in Erfurt where, as in Halle, the com-pany is to be given back the building and store it owned which was occupied by the state. One former Woolworth property remains - the rest were leased - in Magdeburg which was bombed out during the war. A Centrum depart ment store was built on the site so Woolworth is entitled to

compensation.

Three more stores in the east are to be launched in the near future, and Mr Barry Thomson of the parent Woolworth Corp said eastern Germany could get as many as 40 outlets. This compares with 296 Woolworth stores and 170 company-owned speciality shops in western Germany which are expected to achieve sales of DM2.8bn this year, Mr Ulrich Schillert, a spokesman of Woolworth GmbH noted. Woolworth's projected worldwide turnover is expected to reach \$10bn in the year ending next January

Remarkably, Woolworth is the first non-food American retailer to expand into a former Communist country, reflecting the fact that few US retailers operate internationally. Mr Schillert said Wool worth would consider doing business in other east Euro pean countries on an individual basis.

American Woolworth executives, revelling in the parent company's eight years of consistently rising quarterly profits, are not sparing in their praise of the German subsidiary. It had operating profits of \$78m last year on turnover of \$1.1bn and is ranked among the five most profitable Ger

he Americans forecast that Woolworth GmbH could, especially with the new eastern German outlets, overtake Canada as the second largest foreign subsid-iary. One advantage of Wool-worth in Germany was its upmarket status compared with the US parent company which had found it difficult to shed its former "5 and 10" cent image.

Magna returns

to profitability

MAGNA International, Canada's biggest independent car parts producer, returned to profitability in the first

quarter. The group expects a "reasonable profit" for the full year, despite the depressed car

By Robert Gibbens

in Montreal

ABB and Finmeccanica to dissolve joint ventures

By John Wyles in Rome

ASEA Brown Boverl (ABB) and Italy's Finmeccanica agreed yesterday to dissolve their unhappy industrial part-nership in electrical generating equipment manufacturing but pledged to collaborate closely on some technical development projects.

A divorce between the multi-national led by Mr Percy Bar-nevik and the Italian state holding company has looked likely for most of the past year since ABB appeared to change its mind over ceding majority control to Flumeccanica's Ansaldo subsidiary of their manufacturing joint venture, Ansaldo ABB Componenti.

In May, Finmeccanica won a court judgment requiring ABB to pass majority control of FTCL – formerly known as Franco Tosl – to the joint ven-

Since then, Ansaldo has had day-to-day managerial control but has been unable to make any strategic changes because of ABB's non-participation in board meetings.

The two groups have now egreed that Ansaldo will purchase ABB's 40 per cent stake in the Componenti company and ABB will buy Ansaldo's 40 per cent of their second joint venture, ABB-Ansaldo Trasfor-matori. No financial details were disclosed, but it involves a net payment to ABB.

Finneccanica said yesterday the agreement meant "peace with development" because the Componenti company will be using ABB steam turbine and generator technology which will be developed in partnership with the Swedish. partnership with the Swedish-Swiss multinational. In addition, they will collaborate on the so-called PIUS project for generating intrinsically safe

nuclear energy.

The deal follows a meeting at the end of October between Mr Barnevik and Mr Fabiano Fabiani, the president of Fin-meccanics, at which the two men agreed to try to resolve their differences. The outcome gives Finmeccanics what it gives Finneccanica what it sought three years ago when it was on the verge of purchasing control of Franco Tosi from the Pesenti group, only to see ABB snatch the prize at the last moment.

Stake in Esselte sold at premium

By Robert Taylor in Stockholm

NORDBANKEN and Gota, two of Sweden's leading commercial banks, yesterday became the largest sharsholders in Esselte, one of the world's main office supply producers. At a public auction in Stockholm they acquired for SKr1.09bn (\$195m) the 6.8m Esselte shares held as collat-

hesate shares held as const-eral by them for loans made to Mobilia, the Swedish invest-ment company, which filed for bankruptcy earlier this week. Mobilia was the largest shareholder in Esselts. The shares amount to around 27 per cent of Esselte's

A further 17 per cent remains in the possession of Mobilis.

The banks bought the shares at well above their current

market price.
Nordbanken paid SKr534m
for 3.6m of the shares at
SKr148 a share and Gota
acquired the other 3.2m shares for SKr494m at SKr154 a share. At the close of trading on Wednesday night, Esselte's A share stood at SKri08 and B share at SKr96. Under Swedish law, banks can only hold shares in compa-

nies for a limited period. Nordbanken said yesterday that he believed the bank

would maintain its Esselte shares for only a short time. "We will want to get rid of them as soon as possible if we can find a buyer prepared to pay a suitable price," he said. Yesterday's auction followed last-minute attempt by Mr Lars Nycan Mobilia's receiver to prevent yesterday's sale of the shares from taking place. The share purchase has been made more difficult as a result of the receiver's decision to offer his resignation due to a

division of loyalties because he is already involved with Gota Both Nordbanken and Gota must win the formal consent of the receiver - according to the law - before their purchase of Esselte shares from Mobilia come into force, but the go-shead may now be delayed because a new receiver has to be appointed.

First quarter profit, on a pre-liminary basis, was C\$2.8m (US\$2.4m), or 10 cents a share, against a loss of C\$9.9m, or 36

cents, a year earlier. Sales were CM44m against CM450m. Capital spending this year has been cut to below CM40m. against C\$178m in fiscal 1990, and about C\$220m has been raised since last spring from asset sales to reduce debt of about C\$1bn.

NEW ISSUE

6th December, 1990



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Floating Rate Depositary Receipts due 1992 issued by The Low Debension Trust Corporation p. l. c. evidencing payment of principal and interest on deposits with ISTITUTO BANCARIO SAN PAOLO DI TORINO

For the six month period 6th December, 1990 to 6th June, 1991 the Receipt will carry an interest rate of 81/6/6 per amount with an interest amount of U.S. \$407.60 per U.S. \$10,000 Receipt. The relevant Interest Payment Date will be 6th June, 1991.

INTERNATIONAL COMPANIES AND FINANCE

Venture capital company plans HK share offering

SHK Hong Kong Industries, an industrial venture capital company set up by leading businesses controlled by local Chinese families, is offering 60 per cent of a HK\$200m (US\$25.6m) share issue to the public et a share issue to the public at a price of HK\$1.05 a share as part of its plan to list on the Hong

Kong stock exchange on December 21, writes John Elliott in Hong Kong.

The main shareholders include Sun Hung Kai and Co, New World Development, Hysan Development, and Semi-Tech, an electronics company.

Applications for shares in Applications for shares in he company, which was

• Indosuez Asia Investment Services has postponed until early February the public list-ing of its US\$25m Shanghai Fund which was to have been stock Exchange is opened in a permanent headquarters on December 19. It will be listed in

The postponement has been caused by local market scepticism about the speed at which China's equity market will expand, and by delays in the finalisation of Shanghai exchange rules.

Adsteam details write-off in Westpac sale

ADELAIDE Steamship Company (Adsteam), the Australian trading and investment group, yesterday said the sale of its remaining stake in Westpac Banking Corporation, Australia's biggest bank, would result in total write-offs of A\$126m (US\$96m), Reuter reports from Sydney. reports from Sydney.

Adsteam confirmed it and

Adsteam confirmed it and its associate companies, David Jones and Tooth, had sold their remaining 75.5m Westpac shares for A\$3.80 each, amounting to A\$286m.

The sale of Westpac ahares is the latest step in Adsteam's asset disposal plan.

By Emiko Terazono in Tokyo

SHARES of Honshu Paper, a leading Japanese papermaker capitalised at Y734bn (US\$5.45m), have been gyrating wildly on the Tokyo stock market this week on reports that Mr Oei Hong Leong, president of United Industrial Corporation, a company listed in

poration, a company listed in Singapore, is in a position to take a significant stake.

If Mr Oei goes ahead he could stir up as much controversy as Mr T. Boone Pickens, the Texas-based corporate raider who last year acquired a stake in Koito Manufacturing, a car parts company, and has a car parts company, and has since led a campaign against

Paper, which says that it does not want a foreign partner, was made public this week when a revision of Japan's securities law came into effect, requiring holders of stakes of 5 per cent or more to show their hands. Dituka, a Hong Kong company controlled by Mr Oei, was forced to announce that it had purchased options to buy about 33 per cent of Honshu Paper's outstanding shares.

At a Toyko press conference, Mr Oei said that he met Mr

duction system and had no intention of entering a business partnership with a Japan's allegedly closed corpo-rate world.

dent of Honshu Paper, and explained that the purchase of options was aimed at building a business partnership with Honshu, and linking it to a

business partnership with a foreign company.

Mr Oei said that a decision on whether to exercise the options by the expiry date in February 1991 would be taken after he has made a closer study of Honshu Paper.

He also said that the contract was for Y3,000 a share, amounting to about Y340hn if all were executed. He added that, although the price per share was considerably higher than the current price — the issue closed at Y2,130 yesterday paper and pulp company owned by Mr Oel's brother in Indonesia. He also expressed interest in Honshu Paper's sophisticated processingtech-

sophisticated processing tech-nology.

Mr Takao Otsubo, senior managing director of Honshu Paper, said that he has no plans to negotiate with Mr Oei as Dituka is yet to become a shareholder. Mr Otsubo added that Honshu Paper was trying to restructure its domestic pro-

Honshu shares gyrate wildly on stake story

the purchase still provided good value. Honshu Paper's stock has

Honshu Paper's stock has been a favourite among speculative investors since the end of 1989 when the issue was seen to be bought up surging from its Y1,000 level. The stock reached its all-time high of Y5,020 last August.

The issue gained 18.7 per cent on Monday on the news of Dituka's purchase, but fell the following day on reports that it was a front company. Mr Out then called a press conference to confirm his interest in the company and to explain his plans for projects with Honshu.

BNZ shareholders pledge their support

THE LEADING shareholders in

the Early of New Zealand —
the New Zealand government
and Fay Richwhite, the
merchant bank — yesterday
confirmed their commitment to
continue to support the financially-troubled bank.

This follows the release of a
surprise report on Wednesday
which showed that both
shareholders could withdraw
from a rescue package for the
bank if its shares fell below 50
cents in the week before a special shareholders' meeting
called for December 20 to
approve the deal.

News of the previously
unknown condition, and a
profits forecast also released
on Wednesday showing that
BNZ would suffer losses of up
to NZ\$75m (US\$45m) in the
current year, saw the BNZ
share price fall a further 8
cents to 44 cents in a very

cents to 44 cents in a very gloomy share market.
The restructuring package

required Fay Richwhite and the government to subscribe for a further NZ\$250m worth of for a further NZASSUM worth or shares. The government is to pay 70 cents per ordinary share and Fay Richwhite 84 cents per preference share. These prices were reasonable when the reswere reasonable when the res-cue package was announced last month, but on yesterday's prices the government faces a book loss of NZ\$48m and the merchant bank NZ\$28m.

Ms Buth Blobardson Succession

merchant bank NZ\$28m.

Ms Ruth Richardson, finance minister, said that although the government could pull out of the deal it would not. She said the government was committed to the recapitalisation of BNZ, but retained the option to review its participation because of the changing circumstances surrounding the share price.

Mr Michael Fay, Fay Richwhite joint managing director, said his company remained committed to BNZ whatever happened.

Berjaya agrees to sale of 32.9% stake in Magnum

By Lim Siong Hoon in Kuala Lumpur

BERJAYA, a listed Malaysian conglomerate, has agreed to sell its 32.9 per cent stake in Magnum, a lottery and property group it previously wanted to take over from the majority shereholder, Multi-

Purpose.
In a M\$310m (US\$115m) deal with Multi-Purpose, Mr Vincent Tan, Berjaya's chief executive, has agreed to relinquish its entire stake culled

from the group itself, its parent Inter-Pacific, and Sports Toto, a lottery subsidiary. Duniop Estates, a Multi-Pur-pose unit which sold virtually

pose unit which sold virtually its entire plantation assets for M\$478m earlier this year, is accepting Mr Tan's 41.8m share offer at M\$7.42 each.

The deal ends a stand-off in the long battle between Mr Tan and Mr Lim; the former to gain monopolistic control of the country's lottery operations, and the latter to reorganise the

various units in Multi-Purpose. There are no apparent vic-tors or losers; Mr Tan saw it as a gentleman's way out, while Mr Lim said it was "tho end of one battle" and there was no compromise in it. Though the acquisition gives him a 72.7 per cent combined stake, Magnum is now without its most important asset, a housing scheme called Sri Damansara.

had pushed through the Sri Damansara sale, one of a number of divestments he bas

made since gaining control of Multi-Purpose last year.

Mr Tan receives a 16 per cent capital gain on the sale and could now redirect his energies into Sports Toto, which plans to acquire more than M\$450m in property and resort companies, including a 25 per cent stake in Sri Damansara from General Lumber.

Zambian copper producer climbs to K1.25bn

By Mike Hall in Lusaka

ZAMBIA Consolidated Copper Mines (ZCCM), the mainstay of the Zambian economy, yester-day announced a K1.25bn (US\$31.3m) net profit for the quarter ending September 30, compared with K394m in the

Conresponding period last year.

The state-owned company, the world's fifth largest copper producer, recorded production of 111,942 tonnes – higher than the 94,759 tonnes achieved in the June quarter, but 1,366 tonnes down on the corresponding to the correspond

tonnes down on the corresponding period last year.

The average price for copper rose 122 per cent to K103,377 a tonne in the latest quarter. from K46,490 a year earlier. Cobalt production, at 1,207 tonnes, was slightly lower than the same period last year.

Cregem Finance N.V.

Y15,000,000,000 Floating Rate Notes Due 1992 (the "Notex")

Crédit Communal de Belgique S.A./ Gemeentekrediet van België N.V.

Notice is hereby given that for the Interest period from 7th December, 1990 to 7th June, 1991, the Notes will carry an Interest payable on 7th June, 1991 will amount to ¥376,4th per ¥10,000,000 Note.

10th Docember, 1990,

Japan time

NOTICE TO THE BONDHOLDERS OF

HEZDA

Mazda Motor Corporation U.S. \$100,000,000

3 per cent. Convertible Bonds 2000

Pursuent to Clause 7 (E) of the Trust Deed dated 16th April, 1985 (the "Trust Deed") relating to the above captioned Bonds (the "Bonds"), notice is hereby given as

In accordance with the resolutions of the Board of Directors of the Company adopted at the meeting held on 21st and 29th November, 1990 the Company Issued Yen 80,000,000,000 Convertible Bonds due 1999 at the initial conversion price of Yen 544.0 per share,

As a result of the above issue, the Conversion Price (as defined in the Trust Deed) has been adjusted pursuant to Condition 5 (C) (iv) of the Trust Deed as set forth below. Conversion Price before adjustment: Yen 486.0 Conversion Price after adjustment: Effective date of adjustment: Yen 478.0

> Mazda Motor Corporation By: The Sumitonio Bank, Limited as Principal Paying Agent

7th December, 1990





INTERNATIONAL CAPITAL MARKETS

ike story Wave of optimism on Gulf Vancouver prompts worldwide rise

By Stephen Fidler in London and Patrick Harverson in New York

THE announcement by Iraq's president Saddam Hussein that foreign hostages in Iraq were free to leave the country sent a wave of optimism through

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The statement, raising hopes that a war in the Gulf could be averted, pushed oil prices lower and suggested some respite from inflationary pres-

GOVERNMENT BONDS

sures in Europe. The UK market showed the most strength, and the long end of the market was up to % points higher.
This end of the market was

benefiting, in any case, from some switching out of short egits. This was on the basis that current yields at the short and - 11.2 per cent in the twoyear area and 10.9 per cent in the three-year area - already discount a number of cuts in

interest rates.

It was further encouraged by ra belief that the longer interest trates stay high because of ster-ling's relative weakness within the European exchange rate mechanism, the more inflation will be squeezed out of the

will be squeezed out of the iscomony.

A benchmark — the 11% per cent issue of 2003-07 — closed at 107%, up if point on the day and yielding 10.63 per cent. On the London international Financial Futures Exchange, saround 20,000 contracts changed hands and after hitting a high of 89-26 — a full point up on yesterday's close i.— it settled back to 89-17.

The German market's obession with the government's funding needs and the prospect for further officially-inspired increase in interest rates meant it was more subdued than the other main bond mar-

There were worries in some quarters that next Thursday's meeting of the policy-setting. Bundesbank Council might decide to raise Lombard rate, currently 8½ per cent, or even if lost the rate above short-tarm market rates. merket rates.

Current call money rates are around 8% per cent. The can-tral bank does not like to see rates, because it ancourages banks to borrow central bank

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BANK OF TOKEY 8 3/5 99
BELGIN 9 1/8 92
BFC 7 3/4 97
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| US TRE | CSURY | 8.500 8.750 | 11/00 | 105-15 105-00 | +7/32 | 8.13 8.29 | 8.30 8.45 | 8.49 | | | |
| JAPAN | No 119 No 129 | 4.800 8.400 | 8/99 05/00 | 87,0755 96,8951 | +0.155 | 7.25 8.95 | 7.21 | 7.74 | | | |
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higher. There was little move-ment at the short end, with the

mem at the short end, with the two-year bond stuck at 99%, yielding 7.443 per cent.

The hostage news and the December 17 date set for a meeting in Washington between President Bush and braul foreign minister Tavic.

Iraql foreign minister Tariq Axiz buoyed hopes that the Gulf crisis could be settled

ing below the Fed target, at 75

today's unemployment data to decide whether a further

reduction in short-term inter-

est rates was required.

The French government raised a total of FFr5.83bn,

excluding non-competitive bids, at its regular monthly bond suction, agencies report.

artists of \$110 per on Di

This week's auction of Bunds started the federal fund-ing schedule for 1991, and the only likely issue to follow will be the usual new year issue.

High money market rates and the weakness of the dollar led to a strengthening of the mark within the ERM. This encouraged those who believe an ERM alignment may be in the offing.

an know augment may be in the offing.

Although this would involve a devaluation of the franc against the mark, the yield gap between the two markets nar-rowed, with the French market out-performing the German.

The German market's rise of 30 plenning compared with that

The German market's rise of 30 plennigs compared with that in France of about 50 centimes. The yield gap between the two markets narrowed to 107 basis points in the 10-year area, with the Bund yielding 8.83 per cent and the 10 per cent French OAT yielding 9.90 per cent.

The Paris market may have been encouraged by the auction, where new supply was at the lower end of expectations. It comprised FFr3.38bn of 8½ per cent bonds due 2000 — yielding an average 10 per cent yielding an average 10 per cent and FFr2.45bn of 8% per cent bonds due 2019 at a yield of 10.13 per cent.

Treasury issues firmed at the long end early yesterday on the news that Saddam Hussein had offered to release all for-sign hostages before Christ-mas, but then lost some gains after the Federal Reserve moved to reverse the downward trend in the Federal

30-year Treasury issue was up % at 1048, to yield 8.290 per cent, although earlier it had

FT/AIDD INTERNATIONAL BOND SERVICE

SE seeks to improve reputation

THE VANCOUVER Stock Exchange, battered by a burst of unflattering publicity and diving share prices, has convened a special meeting of members to discuss its problems and a series of ansterity measures.

measures.

The meeting of the VSE's 46 member-firms, to be held on member-time, to be new on Tuesday, will focus on ways in improve the exchange's reputation and its financial position. It will also look at how members can redeem unwanted seats.

The exchange this week amounced a 15 per cent cut in staff to offset a loss which will reach about C\$1m this year.

The VSE, which critics liken in the continuous co

to a casino, specialises in spec-ulative resource stocks cath es mining. It is on the defensive due to the questionable claims of some listed companies and the activities of some colourful promoters who push their

The had publicity climated in October with a damaging TV programme about the

Gulf crisis could be settled peacefully.

Ironically, signs of crumbling in Congress' bipartisan support for early military action also helped the market.

Traders reckon that Democrat opposition to the use of force in the short term reduces the chances of war in January when the US deadline for Iraqi withdrawal from Kuwait expires. compounded by a steep fall in share prices, trading volumes and new listings. The VSE and new listings. The vos-index opened yesterday at 510.73 - 75 per cent below the peak reached less than four years ago. The fall in share prices and the uninspixing out-look for gold have contributed to a withering of new financ-ines.

The turnround in prices later in the morning followed the Fed's open market operations at 11.80am local time. The matched sale-purchase agreements were intended to bring the Fed funds rate back up to its 7% per cent target and make it clear to the market that a further easing of monetary conditions was not under way. Fed funds had been trading below the Fed target, at 7% steps to try to improve its image, including tougher ment of its rules, more careful acreening of new list-ings and an effort to draw a clearer distinction between speculative penny stocks and better-established companies.

per cent. Analysis reckoned that yesterday's operations highlighted the Fed's cautious approach, and suggested the authorities were waiting for the release of Alcatel to set up \$1bn note programme

By Stephen Fidler

ALCATEL, the Paris-based telecommunications equip-

ment company owned 70 per cent by Compagnie Générale d'Riectricité and 30 per cent by FIT of the US, is establishing a \$1 bn "global" medium-term note programme.

The programme will allow it to lame notes into the internstional market, but also into the US market as private plucements under the Securities and Exchange Commission's Rule 144s.

Proceeds from the notes are

Commission's Rule 144a.

Proceeds from the notes are expected to repay commercial paper and to consolidate borrowing by subdiffusies at the parent level.

Moody's Investors Service said yesterday it would rate the notes — and those on a DM300m medium-term note programme — as And

programme - as Aa3.

Bank of Tokyo issued
Y60hn of convertible boads in
Tokyo, and Moody's said yesterday it would assign an Aa2
rating to the issue.

CBOE to extend Leaps options

By Barbara Durr in Chicago

THE CHICAGO Board Options Exchange said yesterday it was to launch trading in was to launch trading in Long-Term Equity Anticipation Securities (Leaps) on December 11 in the Standard & Poor's 100 stock index.

The options will be based on a fraction of the value of the S&P 100 index.

The CBOE said it had experienced such success with its

The CBOE said it had experienced such success with its Leaps in 14 blue chip stocks, which began trading on October 5, that it had decided to expand use of this new long-term option.

The 5 & P 100 Leaps will have three call and three put series based on one-tenth of the index value. This will result in initial options prices of about \$2 to \$6. Initial expirations will be two years out, with strike prices at 2%-point intervals.

The exchange says the S&P 100 Leaps will be attractive to retail investors, the most active users of S&P 180 options.

French bank plans Ecu fund launch

CREDIT LYONNAIS, the Prench bank, said yesterday it would launch three new later-national mutual funds under Luxembourg law, denominated

in European currency units, Reuter reports from Paris.

The first two will be launched during the next few days. One is a fund investing in European equity. With each share priced at 18,000 Ecus, the funds are sined at lastitudical investors. tional investors.

The other is called Crédit
Lyonnsis Earth Pand.

The European Initiative for Eastern Germany founded by the Europart-Banco di Roma, Banco Hispano Americano. Commerzbank and been established in order to encourage European companies to invest in the former territory of the German Democratic Republic. The guiding principle of this initiative is that the economic development of the region is mil meryle a German task, but rather a matter of European concern.



All of us have had the privilege of seeing the collapse of a political wall that was hindering the progress of the modern world. Now we have a great opportunity to pull down the economic wall as well, This is the challenge for the free market system which we Europeans must meet together.

wall,

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Two centuries ago Italians helped create the great buildings of Dresden, profiting from the market needs of the times. Today, there is a new opportunity.

Let's not miss this chance! EUROPEAN

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ANTE NOTES: Denominated in delians unions otherwise inclinated. Coupon shown is minimum. Spread—Hispin discression effects for the current coupon. otherwise the delians of the current coupon. Otherwise (three-month Second many rate) for US delians. Copyr The current coupon. Otherwise, Denominated in delians unions otherwise indicated. Cov. price—Nominal amount of bond per shows employed contraction of states of consension man freed at issue. Prem: Percentage premium of the current effective price of amounting shows the the over the most recent price of the shares.

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INTERNATIONAL CAPITAL MARKETS

losses at

By Bernard Stmon

dealer arm

CIBC paid C\$190m in June

1988 for a 62 per cent stake in

firms. It owns 72 per cent of

some employees' shares. Wood Gundy was profitable last year but has suffered

heavily from the sagging secu-rities husiness and its acquisi-tion this year of Merrill Lynch Canada's retail business. The

firm has cut its workforce by about 20 per cent this year.
CIBC's loan losses, excluding LDC provisions and recoveries, rose by 21 per cent to C\$380m. Compared with most other Canadian banks,

whose main headache has been their domestic corporate loans, losses on CIBC's Cana-dian business portfolio fell by 7 per cent. But international losses climbed by a third and Canadian personal loan losses by 53 per cent.

Non-performing loans rose by 12 per cent during the year to C\$872m, the lowest level among the Canadian banks as

a proportion of total loans and

by 53 per cent.

Italian railway Ecu issue

By Tracy Corrigan

ENTO Ferrovie dello Stato, the Italian state railway, launched a Ecu500m issue of seven-year bonds in the international mar-

kets yesterday.
Although demand for Ecu bonds is quite firm, and the deal was considered fairly priced at a yield spread of 12 basis points above the French government's Ecu issue, it per-formed disappointingly. Inves-

INTERNATIONAL BONDS

tors were reluctant to huy the bonds at the fixed reoffer price of 99.98, sensing that the bonds would become cheaper. By the end of the day the issue was bid at 99.70.

Some members of the syndicate, including lead manager Banco di Roma, were said to lack the placement capacity to distribute international bonds. However, the deal is tax-exempt for Italian inves-tors, and retail interest may

In the dollar sector, Guin-ness, the UK brewer, followed ssful debut this week in long-dated sterling. The issue is unswapped, as Guinness has substantial operations in the US.

Catese Nationale des Telecommunications brought a FFr1.7bn issue to the French market. The deal will be added

ANGLIAN LEADS WAY FOR WATER COMPANIES Anglian Water became the first of the privatised UK water companies to bring a straight bond issue, tapping the sterling market yesterday, writes Tracy Corrigan.

market yesterday, writes Tracy Corrigan.

The market has been waiting for this since the start of the year, when most of the water companies appointed lead managers and were poised to launch issues. Since then, the only issue was a £100m index-linked deal by Anglian in July. Now, the strong performance of long-dated UK gilts has brought down interest rates. Long-gilt yields have fallen to about 10% per cent, their lowest this year.

The Anglian deal was structured as a Eurobond, to cater to potential overseas demand, although initial placament was mostly among UK institutional investors.

mostly among UK institutional investors.

Anglian Water was the only water company to be privatised with net debt on its balance sheet and was expected to be among the first to issue debt. But the other water companies also need to raise funds for investment in their water and sewage businesses, and may be looking at the market now that rates have eased.

"We think rates are right," said Mr Chris Mellor, Anglian

group finance director. Even if rates have some way to fall, he expects the yield spreads over gilts which water companies have to pay to rise, as more come to the market.

Anglian's £100m 23-year Eurobonds pay a yearly coupon of 12 per cent. The bonds, via S.G. Warburg, were launched at a yield spread of 150 basis points above the comparable gilt.

Mr Mellor said the company was now adequately funded for the next 12 to 15 months, but did not rule out a return to the market, perhaps to the US private placement market.

to CNT's outstanding FFr2bn 10-year issue, but the size will be exceeded by Société Nation-ale des Chemins de Fer Francais' 9% per cent issue due 1997, which totals FF13bn after a further tranche yesterday.

The European Investment Bank added a 720bn tranchs of 10-year honds to an outstanding Y60bn issue, making it the

largest 10-year deal. Daiwa Europe was arranger and underwriter. The EIB also brought a Swiss SFr150m deal Mitsubishi Motors launched

a \$400m equity-linked four-year deal via Nikko Securities, bid at its issue price of 100. Nippon Koshua Steel brought a smaller \$80m transaction, also

NEW INTERNATIONAL BOND ISSUES Derrower US DOLLARS Mitsubiahi Motors(a)i Guinness Fin.BV(a) ◆ Nippon Koshua Steel CANADIAN DOLLARS STERLING Angilan Water pic(s) 100 12 99,497 2014 5 Warburg Secs. SICH FRANCS Ente l'errovie d'Stato(a) 🌢 500 104 99,98 30/20bp Benco DI Roma 100 214/13 Nomura Et Guitel 160 73 101% B(c) 🔷 6% 95.10 2000 Dalwa Europ Private placement, Convertible. With equity warrants. (Floeting rate note. & Final terms. a) Non-callable. b) Amount ressed from FF1750mm. Fungible with existing deal. Now totals FF145n. Non-callable. c) Callable after 7 years at 101%, lining by 1/2% annually, thereafter. d) Fungible with existing Y50bm deal. Non-callable. e) Pungible with existing FF12be.

Disappointing reception for CIBC result Stormy days for securities firms tarnished by Patrick Harverson on new threats to the recession-buffeted industry

HE weather in southern

Florida near the end of last week - uncomfortably humid, with cloud-filled sties and buffering winds - matched the mood at the Securities Industry Association's annual convention in the resert of Boca Raion.

The securities industry -

The securities industry ınd Wall Street in particular has been in recession for nearly four years, and cannot

A STRUNG performance by Canadian Imperial Bank of Commerce (CIBC) in fiscal 1990 was tarnished by a C\$87m (U\$\$74.8m) loss at Wood Gundy, its securities dealer subsidiary.
CIBC, Canada's second biggest bank, lifted earnings 78 per cent to C\$802m, or C\$4.03 a share, in the year to October 31 from C\$450m, or C\$2.28, the previous year. However, the see a way out The figures are depressing. Since the October 1967 stock market crash, 40,000 jobs have been lost in the securities business. Analysts predict another 40,000 redundancies over the 31 from Cassum, or Cassas, the previous year. However, the 1989 results included a Cassas special provision for Third World loans, Excluding next two to three years. This would leave the total work-force at about 170,000, compared with 250,000 at the height of the 1980s bull market. this writedown, income rose 6

The bank ascribed the improved carnings to higher Underwriting fees are less than half what they were in 1989, and at their lowest level since 1984. Global merger activ-ity is down 40 per cent since interest income stemming from a 14 per cent rise in assets, a 14 per cent increase in fee and other income, and a C\$126m recovery from the sale of Third World loans.

As a result of last year's writedowns CBC has a 100 t year. Profit margins have fallen from a peak of 14 per cent in 1980 to less than 1 per cent in the first half of this As a result of last year's writedowns, CIBC has a 100 per cent provision on its Third World loan portfolio, with the exception of its exposure to year, while return on equity in the same period has dropped

from 49 per cent in 1980 to below 2 per cent (compared with 17 per cent in the US manufacturing industry). Commissions are down 11 Wood Gundy, one of Canada's oldest and biggest securities per cent on 1989 and are expected to fall further. And this year, for the first time since the firm, having repurchased - but not yet distributed the 1970s, total securities

industry revenue will fail to set a record high. If matters were not bad enough, the industry faces the threat of competition from the country's commercial banks.
The SIA is taking the threat
very seriously, and it dominated discussions at the Boca Raton convention.

The business of banks and securities firms has been kept apart in the US by the Glass-

Steagali Act and the Bank Holding Company Act of the 1930s. However, the legislative wall separating the two indus-tries has been crumbling.

A large chunk was knocked down in September when the Federal Reserve Board granted equity-underwriting power to J. P. Morgan. It was the first time a bank had been empowered to compete head-on with Wall Street for core securities

Now, the Bush administration intends to introduce legis-lation next year to allow banks ness and let them compete

The legislative wall separating the two industries has been crumbling

The present poor state of the securities industry means that banks will not be rushing headlong into capital markets business. However, they have waited a long time for the opportunity to take a piece of Wall Street's often highly proftable cake, and the securities industry recession has not dampened their enthusiasm.

The securities industry, deteated over Glass-Steagall and aware of increasing encroachment on its turf, has moved on to the offensive with a campaign to ensure that if banks and securities firms are to compete for the same business, they do so on equal terms. The SIA has drawn up a list of legislative reforms it plans to put before the US government. ernment and Congress early

Ton Federal Reserve has limited the amount of underwrit-

ing of corporate bonds or

stocks a bank can do, to 10 per cent of the gross revenue of its

Towever, the SIA fears these restrictions will not last forever.

The SIA proposals are: Any authorised securities operation owned by a commer-cial bank is to be divorced from the protection afforded to the commercial bank by federal deposit insurance (the sys-tem whereby the US govern-ment insures all deposits in US banks of up to \$100,000).

• Credit support for banks' securities subsidiaries to be provided not by the parent bank, but by new entities to be created within commercial banking groups under the reg-ulation of the Comptroller of Currency (the SIA labels the new antitles "investment banking financing companies").

• All securities subsidiaries of commercial banks to be subject

to regulation by the Securities and Exchange Commission

 Securities firms to be allowed to own federally-in-sured commercial banks, but their commercial banking operations to be monitored by bank regulators. Direct access for securities firms to the dollar payments

system, and emergency access to the Federal Reserve's dis-count window, the loan facility from which banks can borrow money against the collateral value of eligible securities, during a liquidity crisis.
The issue closest to the SIA's

heart is that of federal deposit insurance. Its greatest fear is that commercial banks' securi-ties operations will be pro-tected from failure by the federal deposit insurance safety net. This would be unfair on securities firms, says the SIA

always been left to the mercy

of market forces - and might of market forces - and might lead banks to take risks with their securities business know-ing that they are federally-in-sured. This, the association argues, could lead to another argues, could seen to another disaster of deregulation to match that of the US savings and loan (thrift) industry.

Mr Robert Downey, chairman of the SIA, said in his speech to the convention:

There is an uncomfortable

clamour for the "unshackling" of US commercial banks.
"Unshackling thrifts for entrepreneurial activities while allowing them to use federally.

sense of dejà vu in the current

The issue closest to the SIA's heart is that of federal deposit insurance

insured money was deregulation without privatisation. The nation cannot afford a repeat of the failed thrift deregulation experiment in the commercial banking sector," he said.

The SIA's plan, which it hopes will be adopted in large part next year, has a better chance of success than its ill-fated campaign against reform of Glass-Steagall.

This time it appears to have the backing of the US govern-ment, and of Congress, which has been belatedly pushing for reform of federal deposit insurance in the wake of the collapse of the thrift

industry. Mr Nicholas Brady, Treasury mr Nicholas Brady, Treasury secretary, told the conference he was seeking federal deposit insurance reform. He said he was aware of the risks of allow-ing banks' securities businesses to benefit from the cover provided by federal deposit insurance.

Bavarian bank announces increase in profits

the Bavarian-based bank, yes-terday reported increased partartay reported increased par-tial operating profits for the first 10 months of 1990, at both group and parent level, despite tricky trading conditions and considerable costs of expansion into east Germany, writes

Katharine Campbell.

Group partial operating prof-

against the 1989 period, while parent earnings, at DM479m, were 9 per cent higher.

The bank did not give total operating profits, though it said that despite lower revenues from own account trading in the second half of the year, the overall figure was "some-what higher" than a year ago.

The big German banks' trad-ing accounts have all suffered from the state of the equity

market since August. The 10-month report excludes the results of the Hamburg-based Vereins-und Westbank, in which the Bavarians hold a 62 per cent stake.

The bank has 21 branches in stern Germany, with 300

employees and 29,000 ers. It has extended DM2bn in loans and property financing since July. Mr Albrecht Schmidt, chief executive, said he was particularly encouraged by movement in the building sector, with some 1500 eastwest ventures. Ten per cent of new businesses were in the building sector, he added.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

| | FT-AC | etu/ | ARIE | 5 SH | ARE | INC | ICE | 5 | | | |
|----------|---|---------------|-----------------|--------------------------------------|-------|----------------|----------------------------|-------------------|-------------|--------------------|-------------------------|
| | ^C The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the institute of Actuaries and the Faculty of Actuaries | | | | | | | | | | |
| _ | EQUITY GROUPS | T | | | ember | | | Wed Dec | Tim Dec | Mon Dec | Year ago (approx) |
| Fiç | & SUB-SECTIONS gures in parentheses show number of stocks per section | Index No. | Day's Change | Est, Earnings Yield% (Max.) | | P/E - Ratio | ad adj. 1990 to date | Isabert No. | Index Mu | Index No. | innert No. |
| | CAPITAL 600DS (196) | | +1.4 | 14,62 | 6.57 | 8.35 | 54.18 41.09 | 716.84 977.08 | | | 895,12 1883,89 |
| 3 | Contracting, Construction (34) | 1153.67 | +0.7 | 15.24 | | 8.00 | | | | | |
| 4 | Electricals (10) | 1905.78 | | 14.72 | | 8.31 | | | | | 2570.23 |
| - 51 | Electronics (26) | J1535.49 | +0.1 | 10.42 | 5,60 | | | | | | 1901.60 |
| 5 | Engineering-Aerospace (8) | 401.31 | +2.5 | 16.71 | | 7.17 | | | | 389.63 | 0.00 |
| 7 | Engineering-General (48) | 371.43 | +1.8 | 15.61 | | 7.74 | | | | | |
| 8 | Metals and Metal Forming (8) | 411.28 | +1.3 | 22.09 | | 5.59 | | | | | |
| | Motors (13) | | | 16.63 | | 7.01 | | | | | |
| 10 21 | Other Industrial Materials (23) | 1257.71 | +1.7 | 13.38 | | 8.64 12.47 | 62.04 35.49 | | | 1261 J6 1213.54 | 1724.74 |
| | Brewers and Distillers (22) | | | 10.27 | 3.92 | 11.90 | | 1546.26 | | | 1501.37 |
| 25 | Food Manufacturing (19) | 1024 83 | +1.2 | 11.35 | 4.83 | 10.84 | | | | | |
| 26 | Food Retailing (16) | 2310.63 | 43.5 | 9.74 | 3.26 | ULAI | 56.72 | 2276.51 | 2272.78 | 2261.23 | 2337,93 |
| 27 | Mosteh and Mousehold (18) | 2544.02 | 41.4 | 6.98 | 2.98 | 16.98 | 59.14 | 2511.92 | 2486.59 | 2487.75 | 2697.26 |
| 29 | Leisure (32) | 1242.23 | +0.8 | 12.28 | 5.35 | 9,90 | 44.64 | 1232.30 | 1232.96 | 1227.01 | 1630.75 |
| -311 | i Packaging & Paper (12) | 1 223 191 | 100 | 12.31 | 6.65 | 9.98 | 23.79 | | | | |
| 32 | Publishing & Printing (13) | 2988.00 | +0.6 | 12.02 | 6.34 | 10.41 | | | | | |
| 34 | | 819.51 | +13 | 10.42 | | 12.47 | 25.63 | | | | |
| 35 40 | Textile (12) | 100 DZ | +2.1 | 12.25 | 5.66 | 9.63 | | 428.06 1007.83 | | | |
| 40 | DINER GRUUPS LIEST MINIMUM | 000 61 | +1.5 | 13.70 | | 9.91 10.36 | | | | | 1594.40 |
| 42 | Agencies (14) | 1071.00 | +1.6 | 12.66 | 6.30 | 9.32 | | | | | |
| 43 | Condinuerates (13) | 1721.95 | +1.8 | 12.60 | 7.57 | 9.58 | 41.19 | | | | |
| 441 | Transport (15) 1 | 11926.88 | 1 42 4 | 13.51 | 5.29 | 911 | 72.05 | | | | 2280.78 |
| 46) | Telephone Networks(3) | 11180.401 | 1 +1,01 | 11.33 | 4.28 | 11.47 | 26.09 | 11.00.75 | 1168.57 | 1176.00 | 1159.38 |
| 47 | Water(10) | 12168.71 | +1.2 | 15.38 | 6.78 | 8,47 | 68.12 | 2143.17 | 2136.05 | 2154.36 | 0.00 |
| _48 | Miscellaneous (26) | 1584.28 | 8.0+ | 11.63 | 5.60 | 9.82 | | | 1553.03 | | 1927.62 |
| | INDUSTRIAL GROUP (479) | | | 11.68 | 5.17 | 10.50 | 35.60 | 1032.09 | 1028.26 | 1032.62 | 1178.29 |
| 51 | OII & Gas (21) | 2300.49 | -13 | 9.72 | 5.53 | 13.43 | 95.39 | 2329.83 | 2337.01 | 2363,74 | 2354.52 |
| 59 | 500 SHARE INDEX (500) | 1150.06 | +1.0 | 11.39 | | 10.86 | | | | | 1276.58 |
| 51 | | 734.55 | +1.8 | | 6.52 | - | 34.02 | 721.80 | | | |
| 62 | Banks (9) | 782.09 | | 20.61 | 7.40 | 6.35 | 42.00 | 760.55 | 762.34 | 767.89 | 848.3I |
| 65 | Insurance (Life) (7) | 1337.96 | +1.6 | | 5.74 | | 55.82 | 1316.75 | 1304.00 | 1325.78 | 1388,98 |
| 66 | | 641.45 | +1.1 | | 6.67 | l <u></u> l | 32.08 | 634.49 | | | |
| 67 | Insurance (Brokers) (8) | 1013.17 | +0.7 | 7.47 | 6.35 | 17.54 | | | | | 1138.45 |
| 68 | | 360.47 | 10.4 | 5.38 | 5.71 | 24,79 | 14.24 | 359.06 | | 357.00 | |
| ולכ | Property (44) | 980 8/ | +0.9 | 7.35 | 7.16 | 18.41 11.52 | 30.55 | 977.78 250.30 | | | 1227.68 329.38 |
| 씠 | Other Pinancial C.L | - COLUMN 23 | | 11.60 | 3.95 | | 28.74 | 1807.95 | | | |
| 4 | Investment Ynerts (70) | 1022.31 | +1.4 | 11.48 | 7.43 | 10.37 | 70.90 | | | | 1203.55 |
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| 99 | ALL-SKARE INDEX (677) | 1047_33 | +1.1 | | 5.39 | | | | | | 1 |
| | | index lin. | Change | Day's High (2) | Day's | Dec | Dex 4 | Dec 3 | Nov 30 | Hor 29 | Year |
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LONDON TRADED OPTIONS

widespread speculation about an early end to the Gulf crisis.

But towards the close prices moved off their highs after the US

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was weighted towards calls. The FT-SE Index was particularly active, with turnover rising to 13,483 from the previous sesend led to renewed institutional buying. The atrength of the December FT-SE contract to the sion's depressed levels. Turnover was divided between 5,459 calls, and 7,024 puts. The January 2,350

December FT-SE closed 27 points higher at 2,210, a premium of 30 points to the cash index. According to brokers' calculations

300 41 44

THE PAR NO

December should trade 16 points above the cash market to take account of future dividend payments and the cost of linance.

In traded options, burnover rose

| 20 | 34 55 | 22 | 32 | 8tue (*22) | Circle)) | 23 24 | | 2 1 | 1 24 2 16 | 쉌 | 14 | 21 32 |
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Union Bank of Norway

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TIONS

City of Oslo
(Kingdom of Norway)

NOK 250,000,000

10% Bonds due 1996

NOTICE OF REDEMPTION

Notice is hereby given that pursuant to the provisions set forth in the Terms and Conditions of the above described Bonds, NOK 41.670.000,- principal amount of the Bonds have been drawn for redemption on January 15, 1991.

The numbers of the Bonds so drawn are as follow **BONDS OF NOK 10.000 EACH**

Bonds referred to above will become due and payable at 100% of their principal amount in Norwegian Kroner at the head office of the Fiscal and Principal Paying Agent, Union Bank of Norway, Kirkegt. 14-18, 0107 Oslo 1, Norway, or, at the option of the Holder, at the specified office of any Paying Agent. Bonds should be presented for redemption together with all Coupons maturing after the date of redemption.

The City of Oslo, 30. november 1999

by: Union Bank of Norway, Fiscal Agent

Decline to £103m less than feared and interim maintained at 2.93p

Tough times knock Pilkington

conditions around the world and the strength of sterling hit first-half profits at Pilkington, the glass maker.
The pre-tax balance for the

six months to September 30 fell by 30 per cent, from £147m to £103.2m, but that was not as shad as some had feared and the share price rose 3p to 158p.

The group, which mainly makes glass for the construc-tion and automotive industries, is maintaining the interim dividend at 2.93p although earnings per share fell by 39 per cent to 7p.

Sir Antony Pilkington, chair-

man, said the group could not be immune from recessionary trends and the depth and duration of a recession was uncer-tain. However, the group's spread, its modern asset base and strong market positions were a continuing strength.

He said the group had never cut its dividend in the past, even though it had been uncov-ered in the last recession. Mr Andrew Robb, finance director, said he believed the full year dividend would be covered by earnings, although not by as much as the company would like.

Mr Robb said the group would cut back on capital expenditure over the next 18 months, and continue to reduce employee numbers. Redundancies cost about \$4.5m in the first half (£4m) and were likely to be as much again in the second. Loss-making busi-nesses might be closed or sold if there was not a good pros-pect of them making an ade-



Sir Antony Pilkington: further cuts planned in capital expenditure and employee numbers

Working capital would be substantially reduced from the current level of £700m, he said. Gearing was likely to be 50 per cent at the year end, compared to 45 per cent at March 31. Group operating profits fell 26 per cent to £124.9m on turnover 5.5 per cent lower at £1.35bn. UK operating profits were 25 per cent lower at £24.1m and those from overseas operations were down 27

per cent to £97m. Profits from flat and safety glass, the most important profit contributor, fell 23 per cent to £115.4m. Within that European profits were least affected, falling 8.5 per cent to

£70.7m, largely thanks to a good performance in Germany. There Sir Antony was hoping for continued growth as living standards rose in eastern Ger-

in North America profits were down 9.5 per cent to £15.4m, while profits from elsewhere in the world fell 49 per cent to £29.3m. Especially poor performances were seen in Brazil and Argentina, where stringent economic policies hit demand, and in Australesia, suffering from recession

suffering from recession.

The other businesses mostly turned in worse figures. Insulation incurred a loss of £1.7m (profit £1.8m), profits from Visioncare fell to £12.2m

(£18.8m) mainly because of difficulties in the US contact lens market. Optronics reduced losses to £1.8m (£4.8m) although it suffered from lower defence spending. A loss of £3m (loss £1.1m) was recorded from other trading operations, while licensing income fell 9 per cent to £14.1m (£15.5m).

Investment and related com-panies income was £10.7m (£18m) and net interest payable came to £32.4m (£39.6m). The tax rate rose to 36.6 per cent (343 per cent) and might creep higher in the second half because there were insufficient UK earnings to offset the ACT on the dividend.

Resolutions fail for changes at Lancs & London

By David Lascelles, Banking Editor

Anglo-Scandinavian Investment Trust failed to win support for its resolutions to alter the management of Lan-cashire & London Investment

At an extraordinary meet-

ing, its twin resolutions to appoint SG Investment man-agement, a related company, to manage the trust, and to formulate proposals to improve the share price were defeated by 61 per cent to 31 per cent of the vote.

ASIT, which holds about 28 per cent of Lancashire & London, had complained that the trust was being managed for COLDOLS empire" of the Salomon fam-ily. Lancashire & London is linked to several companies associated with the family of the late Sir Walter Salomon, founder of the Rea Brothers merchant bank.

UniChem take-up

UniChem, the pharmacentical wholesaler which launched a rights issue when it joined the market via an introduction last month, has reported a 61 per cent take up on its two-for-flve rights issue. The 4,400 pharmacists who

own the company took up 16.38m of the 26.92m shares in the discounted rights

Brown & Tawse falls 55%

By Andrew Bolger

BROWN & TAWSE Group, the distributor of steel and pipeline products, reported a 55 per cent drop in pre-tax profits to \$2.2m in the six months to Sep-

Turnover was 290.82m (294.87m), which represents a 10 per cent drop in sales volume, when allowance is made for price increases.

Earnings per share fall to 4.8p (10p), but the interim dividend is maintained at 2.85p.

The group said all the markets it served, notably construction and mechanical engineering, were in recession. Successful efforts to maintain market share had led to ero-

sion of margins in the face of severe competition for the reduced business available. Against this background, the group had cut its workforce by per cent and several branches had been closed or

Capital expenditure had been limited to replacement

items and the transport fleet had been significantly reduced.

The group said: "The length and depth of the current reces-sion are impossible to predict, but we are not sanguine about the possibility of any pick-up in the economy in the near-

"Accordingly it may be necessary to make further subreductions in resources including personnel, working capital and property."

Scapa blames standstill on dollar

By Andrew Bolger

SCAPA GROUP, the Blackburn-based manufacturer of specialist products for the paper and printing industries, is blaming flat profits on the weak dollar and a downturn in SCAPA GROUP. ita main markets.

Turnover rose by nearly 5 per cent to £141.57m in the six months to September 30, but pre-tax profits dipped slightly from £20.07m to £19.84m. Earnings per share remained at 7.1p; the interim dividend is 1.50 (1.43p). Mr Bill Goodall, chairman,

said the weakening of the dollar exchange rate during the half-year had reduced reported profits by more than

He added: "The economic ili winds have not yet run their course, nor is the dollar ready

pound, and in spite of some excellent counter-cyclical performances in our businesses. notably the engineered rolls divisions, significant improve-ment in these circumstances is not expected until the end of 1991."

"Thereafter a growing recovery in our markets, par-

ticularly in the US, should bring improving results." The balance sheet remained strong, with gearing at 38 per

In filtration technology there was a \$900,000 drop in trading profits after difficul-ties with orders in South African and Australian mining.

O COMMENT A group with 57 per cent of its

North America is bound to be hurt by a weak dollar, so Scape can scarcely be criticised on that count. However, the group seems to be taking a very rosy view of the likely length and depth of the current recession on both sides of the Atlantic. Scapa's margins have already been squeezed, and will be hit harder if paper mills start to close and sales fall. Forecast full-year profits of £41m out the shares, down 5p at 131p, on a prospective multiple of 8.5. That seems fair enough at present, but could look generous if reces-sion does really bite hard next year. A bounce in the dollar would certainly help; but even assuming that, the share

price looks vulnerable.

Property downturn prompts new company

By Richard Gourlay

INVESTORS LED by Arlington Securities, the business parks developer owned by British Aerospace, are set to commit £70m of equity and raise up to £230m more from interna-tional institutions for a new company which will invest in UK property starting in 1991.

The company is being launched to take advantage of the downturn in the UK commercial, industrial and retail property market. Financial advisers to the new group chanced thay were not form stressed they were not fore-casting a boom in the market but said they believed that investment opportunities
would open up in the next 12
months for companies which
could move quickly.
General Electric Investments of the US and Electra

Kingsway, a specialist investor in unquoted companies, will each contribute £25m while Arlington will put in £20m. Kleinwort Benson, the mer-chant bank, is likely to start circulating the prospectus for the £230m placement to insti-tutional investors in the new

The company would be the the first significant new prop-

the first significant new property investment vehicle set up to take advantage of yields, now close to historic highs.

The board of the new company is to be chaired by Sir Derek Hornby, the former chairman of Rank Kerox (UK) and chairman of the British Institute of Management. It will include Mr Raymond will include Mr Raymond Mould, the chief executive of Arlington and Mr Michael Stoddart, chairman of Electra. A chief executive has yet to be

appointed.
Mr Mould hoped GE, which has been a large investor in Electra funds, would bring a large number of additional US investors to the new company. Arlington and Electra are understood to have been working on setting up a company since the middle of the year.

Tunstall gains 56% to £5.1m By Richard Gourley

Tunstall Group, the Yorkshire-based security equipment company, reported a 56 per cent rise to 25.1m in pre-tax profits for the year to September 30 after eliminating s mon th bution subsidiary which it

sold a year ago.
Karnings per share rose 61
per cent to 20.3p (12.5p). A recommended final dividend of 3p, makes a total of 5p, 11 per cent up on last year. The shares closed up 10p at 105p yesterday.
The Ademco disposal led to

a fall in turnover from £52.1m to £47.4m and to a reduction in gearing from 152.6 per cent to 38.4 per cent after repay-ment of debts with the El-3m proceeds of the sale.

Mr Michael Dawson, chairman and holder of 25 per cent of the equity, said the com-pany had performed well in what had been a difficult mar-ket in the latter part of the

Tiphook more than doubled at £25m as margins steam ahead

By Andrew Hill

TIPHOOK, which bought Sea Containers' dry cargo container fleet earlier this year, more than doubled its pre-tax profits to £25.2m in the first half of 1990-91, against £10.1m in the equivalent period, and said it was well placed to resist any downturn in world trade. any downturn in world trade. Mr Robert Montague, chairman of the British container and trailer leasing group, said he was particularly pleased with the increase in pre-tax margins, from 13.5 per cent to 19 per cent. "The one thing we wanted to demonstrate was the speed at which we could show an improvement in margins after the acquisition of the Sea Containers business," he said

Containers business," he saw yesterday.

Mr Rodger Braidwood, Tiphook's finance director, said the group would be protected from any downturn in the volume of world trade by the continued growth of containerisation in the global market.

Earnings per share rose 25 per cent to 21.9p (17.5p) and the group declared an increased

group declared an increased interim dividend of 3.5p (2.7p).

Cearing on October 31 stood at 260 per cent, slightly lower than at the 1989-90 year-end, but Mr Braidwood said this was less than most other leasing and financing companies and operating profits covered interest nearly twice, against 1.55 times at the last year-end.

year-end. Tiphook's share price, which Tiphook's share price, which has slipped from a peak of more than 560p in July, was hit last week by a profit warning from its trailer rental competitor, TIP Europe.

But Mr Braidwood said direct comparison between the

direct comparison between the direct comparison between the two companies was unfair, and contrasted TIP's relative dependency on the UK trailer rental market, which accounts for about half its business, with Tiphook's UK exposure of just 10 per cent. Tiphook shares rose 4p to 369p yester-

COMMENT Tiphook's achievements with the Sea Containers assets are impressive. But although the acquisition expanded

acquisition

transformed what was a large niche player into a giant of the container leasing market -the second largest container rental group in the world - at a time when the industry is facing its greatest challenges since the difficulties of the mid-1980s. The big shipping companies which are Tiphook's clients are already squealing, clients are already squealing, and investors who glance at the group's activities and balance sheet are squeamish about buying the shares. This year some 70 per cent of profit will come from containers, despite Tiphook's efforts to increase trailer rental income from Europe, and it will be a while before a 60:40 split is the norm. The group should bring in about £75m before tax for 1990-91, which leaves the shares on a prospective p/e of shares on a prospective p/e of less than 6. That looks a mea-sly multiple on the basis of the group's past performance, but is probably about right given the market's wider concerns

Tiphook's client base and

improved its margins, it also

Chairman eases Savage tension

SAVAGE GROUP, the USM-quoted hardware supplier fighting off a boardroom coup attempt, appears to have pacified some of its largest share-holders with yesterday's appointment of Mr Douglas

ogers as chairman. Mr Rogers, 54, is former chief executive and current non-ex-ecutive chairman of Newman Tonks, the building materials

He said yesterday: "I have talked to some of the institu-tional shareholders of Savage, and with the board and its advisers, and the people I have

the incumbent board in such spoken to are quite comfortable about my appointment."
But Mr Rogers refused to struggles. Mr Cox would not comment on his plans yestermake clear whether his appointment had the full supday.
Mr Nick Savage, the group's chairman, and Mr David Brown, chief executive, quit

port of institutional shareholders, some of which originally backed an attempt by Mr Brian Cox, former chairman of Camthe group last week under pressure from fund managers, who have watched the group's ford Engineering, to install a new board at a shareholders' meeting on December 20. share price decline as trading in the DIY market became tougher.

Shareholders which may have supported Mr Rogers' appointment include Aetna, Savage's shares rose ip to 44p yesterday, against a mar-ket price of 30p when Mr Cox announced his intentions at which withdraw backing for Mr Cox's plan last week, and 3i, which traditionally backs the beginning of last month.

Gulf and UK squeeze tip S&N down 3% to £97m

By Clare Pearson

THE SITUATION in the Gulf and the downturn in UK consumer spending added to exist-ing problems at Smith & Nephew, the healthcare and consumer products group, dur-ing the third quarter. Yesterday, it reported a 3 per cent fall in pre-tax profits, from 299.8m to 297.1m, for the 40 weeks to

In August the group announced static results, and shortly afterwards its with-drawal from the US surgical gloves market, where it had

fallen into loss.

Yesterday, it said trading in the second half of the year was turning out to be more difficult than expected. During the third quarter pre-tax profits fell to £32.3m (£35.2m). Turnover for the nine

months was £554.8m (£529.9m). Earnings per share were static

at 6.8p.
Mr Eric Kinder, chairman, said he was confident of the underlying long-term growth potential of the group. So far this year S&N had reduced its net cost of borrowings to £3.2m (£6.8m). Net debt at the end of

Berlin means Business

the third quarter stood at 297m, compared with £159m at the end of 1989.

A number of new problems

had arisen during the third quarter, Mr Kinder said. UK retail multiples facing difficult conditions had cut orders for the group's consumer products, which included the Nives and Di Whites brand names. But be believed such products had maintained their market shares.

Some £2m worth of export sales had been lost during the second half following the outbreak of hostilities in the Middie East.

Third quarter profits of lop-tex, the intra-ocular lenses business, were lower than expected, though on higher

Meanwhile SoloPak, the US generic drug division, remained in loss. The business had been affected by a scandal involving alleged bribery at the US Food and Drug Administration, which erupted last year test as it was exclaimed. just as it was seeking approval for a plant.

Irish opposition seeks break-up of Goodman

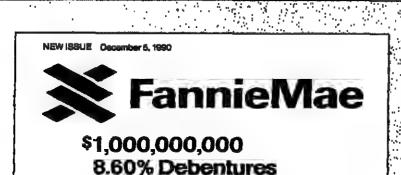
By Kieran Cooke in Dublin

The main opposition party in the Irish perliament has called on the government to break up the companies within the Goodman International group and sharply reduce its control on the domestic beef market. Mr Peter Fitzpatrick. the

Examiner to Goodman Inter-national, is due to appounce within the next few days whether banks owed more than 12500m (£460.2m) have agreed to a rescue plan for the group, which is Europe's hig-gest beef processor. Mr John Bruton, head of the,

opposition Fine Gael party, said there had been suggestions that "the possibility of making excessive profits" was under-pinning the proposed rescue plan

Mr Bruton said Goodman controlled about 40 per cent of the mest processing capacity in Ireland. Fine Gael has proin Ireland. Fine Gaet has pro-posed legislation to reduce that to 30 per cent or less. If the move was successful it could have serious conse-quences for the Goodman group and its profitability.



Series SM-1997-L Cusip No. 313586 U 31 Caliable on or after December 10, 1994 **Price 100%**

The debentures of December 10, 1997 are redeemable on or after December 10, 1994. The debentures are redeemable in whole or in part at the option of the Corporation at any time (and from time to time) on or after the initial redemption dete at a redemption price of 100% of the principal amount redeemed plus accrued interest.

Dated December 10, 1990 Due December 10, 1997

The debentures, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or immunentality mersot owns than Fannia Mose. This offering is made by the Federal National Mortgage Association

through its Senior Vice President-Finance and Treasurer with of a nationwide Selling Group of recognized dealers in securit

The debentures are the obligations of the Federal National Mortgage Associat a corporation organized and existing under the laws of the United States, and are issued under the authority contained in Section 304(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.).

Debentures will be available in Book-Entry form only. There will be no definitive securities offered. Gary L Perlin

Linda K. Knight

3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 This announcement appears as a matter of record only. This announcement is neither an ofter to sell nor a solicitation of an offer to buy any of the Debentures.

MALAYSIA US \$300,000,000 Floating Rate Notes due 1992 In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from 7th December 1990 to 7th June 1991 the Notes will carry an interest rate of 8% per cent, per annum. The relevant Interest Payment Date will be 7th June 1991 and the Coupon Amount per USS 50,000 will be USS 2,069.62 and per USS 250,000 will be USS 10,348.09.

EVANS OF LEEDS PLC Property Investment Group UNAUDITED RESULTS FOR THE SIX MONTHS

Reference Agent

Bank of Tokyo International Limited

| ENDED 30TH SE | PTEMBER 1990 | |
|--|-----------------------------------|----------------------------------|
| | of entirem 8 08.9.90 e*0002 | 6 months to 30.9.89 £000's |
| Total Revenue | 8.232 | 6.674 |
| Profit on Ordinary Activises after interest and other charges | 3,302 | 3,218 |
| Taxation at 33.5% (1989 - 35%) | 1.106 | 1.126 |
| Profit attrigutable to shareholders | 2.198 | 2.092 |
| Earnings per share (1989 adjusted) | 3.35p | 3.19p |
| Interim Dividend (1989 adjusted) | 1.18p | 1.25p |
| The current mount out of her brosses | d in 645 7m | |

The increased dividend will be paid on 4th January, 1991 to all shareholders on

On 14th August, 1990 the company issued 32,800,000 shares credited as fully

paid on the basis one share for each share held. The calculations of earnings and dividends per share for 1989 shown above have been adjusted accordingly

the register on 20th December, 1990 and will absorb £774,080.





centre of continental Europe. Berlin is the largest industrial city in Germany, with over 3,000 companies, 300 R + D : institutions and a GDP in

advantages, a unique international infrastructure and an . exciting potential for production and service companies. We have assisted over 600 businesses to establish a location in Berlin. May we

excess of £ 30 milliard. Berlin offers exceptional

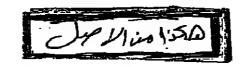
also help you to optimise your plans? Our UK office is: Berlin Economic Development Corporation, Caswell House, Wharf Street, Godalming, Surrey GU7 INN.



Tel. 0483-426400.

Fax 0483-426837

Corporation



FINANCIAL TIMES FRIDAY DECEMBER 7 1990

RHIVA LACIMINE.

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Trish oppos seeks break

of Gooding

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WHEN YOUR EXPORTS NEED PROTECTION AGAINST COUNTRY RISK,
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UK COMPANY NEWS

GUS ahead 6% despite tough trading conditions

GREAT UNIVERSAL Stores, the home shopping, retail, finance and property group, ground out a 6 per cent gain in interim profits in the face of grim trading conditions on the high street.

Mr Richard Pugh, GUS's depute the interior profits in the face of grim trading conditions on the high street.

uty chairman, reflected the gloom yesterday by saying: "I think that conditions are very tough and will probably be even tougher in the second half. I do not see any marked improvement this side of autumn next year."

In the six months to end-September, however, GUS managed to raise pre-tax profits from £171m to £182.1m, a shade ahead of what most analysts had been expecting. This was in spite of a fall in sales from

£1.26bn to £1.18bn.
The interim dividend is lifted by 9 per cent to 12p (11p) which cheered the market into pushing GUS's A shares up 15p to 1130p. Earnings per stock unit grew to 48.2p (44.5p).

The hard times facing retailment were confirmed elegibles.

ers were confirmed elsewhere yesterday by a pessimistic Con-federation of British Industry distributive trades survey. This showed that high street sales growth had virtually ground to a halt and was standing at its lowest level since the survey

profits from home shopping activities in the UK and continental Europe. About 70 per cent of its sales are now made over the telephone - compared with 10 per cent a decade ago – which has helped reduced the business's cost

In the half year, this division accounted for £50.27m of after-tax profits compared with £46.28m last time.

The group's retailing activi-ties, which include the Burber-

ties, which include the Hurber-rys rainwear business and the Scotch House chain, experi-enced tough trading conditions particularly in the US where its 16 stores suffered as highly-indebted competitors indulged in widespread de-stocking. The group's Canadian activities also performed weakly although GUS has begun to reduce its exposure to this market.

BOARD W

tion to post-tax profits fell from £12.77m to £11.1m.

Higher interest rates, more stringent lending policies, and a downturn in the vehicle and housing markets resulted in weaker demand for the group's operations in consumer and corporate finance but after-tax profits still wriggled ahead to

Property rentals and realised property profits produced net income of £17.91m (£16.8m). GUS only has a limited exposure to stores run by Lowndes Queensway, the collapsed home furnishings group, accounting for 20 of its 1,300 properties. The company is trying to broaden its business base across a range of tenants.

The percentage split of post-tax profits by region was: UK 86.8 per cent (84.1); Western Europe 6.3 per cent (6.9); North America 1.6 per cent (3.7); and Far East and Africa 5.3 (5.3).

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British Steel eyes N American market

British Steel would keep its options open on whether to sell the equipment in the hot strip

mill for scrap after the plant

elsewhere within the European

works estimate the savings at

Sir Robert said he had not provided the Scottish trade

sitive information about the economies of the closures

because he did not believe they could guarantee confidential-

Mr James Cran, a Conserva-tive MP, asked whether con-cern about leaks lay behind the decision not to give commer-cially sensitive information to

about £100m a year.

BRITISH STEEL yesterday gave the clearest public indica-tion yet that its long-term strategy will include a signifi-cant investment in the North American steel industry.

Mr Martin Llowarch, chief

closure next year. Sir Robert added that there was no ques-tion of the mill being sold to someone who would rebuild it executive, told the Commons select committee on trade and industry that the North American market was particularly attractive because of its size.

He told the committee that the committee with a confiden-tial paper on the gains from British Steel had three the economies of scale it will make by concentrating hot strip rolling at its two plants in South Wales. Specialists who have studied the Ravenscraig long-term priorities: to invest in its UK plants to maintain

market share, to establish a leading position in European markets in selected products and to expand into the US.

Mr Llowarch said: "The North American market is very big and we want to see to what extent we can get involved in it." British Steel executives, led

by Sir Robert Scholey, the chairman, were giving evi-dence to the inquiry into the decisions to close the hot strip rolling mill at the Ravenscraig plant and the nearby Clydes-dale tube works. The two closures, which will cause almost 2,000 job losses next year, have provoked considerable controversy in Scotland.

Mr Malcolm Rifkind, the for-mer Scottish Secretary. Sir Sir Robert made a robust defence of the financial catioto comment on leakiness. After two weeks I find it very diffi-

YJ Lovell falls 32% to £19.9m in property markets recession

the latest construction com pany to announce a sharp fall in pre-tax profits reflecting the

Pre-tax profits during the year to end-September fell by 32 per cent from £29m to £19.9m.

Comparisons with the previous year have been compli-cated by the group's decision to charge interest on borrow-ings to finance residential and commercial property develop-ments against profits. Previ-ously interest was capitalised as part of work in progress. Profits were also reduced by provisions of £6.57m to cover trading losses on Lovell's

trading losses on Lovell's urban renewal business which has been closed, along with its London housebuilding

operations.

There was an extraordinary loss of £11.44m, taken below the line, to cover closure costs and losses from the sale of the Higgs & Hill stake, acquired by Lovell during its abortive take-

About 500 jobs have been axed from the group during the past 12 months. In spite of the cuts, the com

pany is recommending a final dividend of 6.75p, the same as at the end of the previous



Antony Hichens: confidence in group's long-term future

financial year. Total dividends for the year therefore are increased by 2 per cent from 8.75p to 8.95p.

In order to pay the dividend the company has transferred the company has transferred than from reserve.

Mr Antony Hichens, Lovell's chairman, said the decision to maintain the final dividend reflected the group's confidence in its long-term future.

Housebuilding profits had fallen from £15.97m to £12.81m while companying property

while commercial property profits tumbled from £7.74m to £1.85m. Profits from construc-

than doubled from £5.3m to

£11.79m. Interest charges rose from

Interest charges rose from \$7.88m to £13.9m. Net debt of about £97m, including finance leases, was equivalent to 89.6 per cent of shareholders funds of £96m. However, the figures do not take into account £41.7m of off-balance sheet debts.

Lovell has decided to change

its accounting policy in one of the construction industry. Next year's results may depends upon how much pain the group has brought forward into the figures announced yeaterday. Most forecasters expect UK housebuilding to recover slowly and perhaps not until the second half of next year. Construction profits for Lovell should be worse and comparcial property will be fortunate if it can achieve the same level again. On the other hand there should be no more provisions. Lower interest rates will also profits of just over £20m would put the group on a prospective ple of 5.6. There are much bet-ter housing recovery plays than this one but holders of the stock should hang on to

What is the FT getting up to nis Weekend?



Much the same as you, no doubt.

Rudyard Kipling (left), so dear to the Victorian public, was obsessively reticent about his private life. Peter Keating has been reading about the secrets that emerge from those letters which escaped Kipling's frenzy of destruction.

Christina Lamb crosses the Brazilian jungle to the small town where Chico Mendes, the rubber tappers' leader, was murdered a year ago. She traces the strange story which culminates next week in the trial of a father and son amid worldwide anger against the destruction of the rainforest.

■ Michael Thompson-Noel is suing his country club for £1m because his dinner plate looked like Cecil Parkinson. He claims he is not completely mad: he just resembles Hamlet.

Our food and wine writers have been tasting and testing ideas for the festive season.

■ Christian Tyler talks to Glenda Jackson about the limelight of politics.

■ Lucia van der Post empties her postbag from Weekend FT readers in answer to her challenge to provide Christmas presents for all the family at a tenner a head.

■ John Brennan and David Hoppit report on their search for the cheapest house in Britain – and better bargains.

■ Robin Lane Fox, having failed to disguise his concrete steps with milk and coffee stains, decides on a truly green solution: grow a hedge under them.

And so it goes on...

Weekend FT

Control Securities dips 10%

By Clare Pearson

PRE-TAX profits of Control Securities, the property and lei-sure group, fell from £14.82m to £13.3m in the six months to September 30 1990, after an increase in the interest charge from £5.96m to £9.95m.

Profits included \$1.2m (nil) from joint ventures. Net of

Earnings per share improved to 3.2p (3p), after a tax charge

of £1.84m (£2.8m), calculated at 35 per cent after adjusting for capitalisation of interest and reduced by a release of prior year provisions amounting to

Boosted by acquisitions, pre-interest profits from leisure activities rose to £6.37m (£2.67m). Property operations contributed £16.84m, down from £18m last time. Mr Nazmu Virani, chairman, said gross rental income increased by 13 per cent to 59.6m (£8.5m).

DIVIDENDS ANNOUNCED

| | Current payment | Data of payment | ponding dividend | for | last |
|------------------------|-----------------|--------------------|---------------------|------|-------|
| Angle Unitedint | 0.2 | Mar 25 | 0.2 | - | 1,4 |
| Archer (AJ)fin | 5,25 | Feb 28 | 5 | 8.4 | a |
| Aveccont | 0.5 | Apr 8 | 0.6 | - ' | 1.3 |
| Brown & Tawse | 2.85 | Feb 16 | 2.85 - · · | - | 9.5 |
| | | Feb 12 | 2.76 | • | 7.85 |
| Channel Expression int | 1.2 | Jan 17 | 1 | | 2.6 |
| Clarke Hooper \$Int | 1.7 | Apr 8 | 1.6 | • | 4.3 |
| CLF Yeomenint | nH | - | 2.5 | • | 6.65 |
| Control Secsint | 0.55 | Apr 8 | Q.5 | - | 1,25 |
| Crosby (James)int | 0.73 | Apr 8 | 1.25 | * | 3.78 |
| Euromoney | 12 | • | 10.5 | 18.5 | 16 |
| Gibbon Lyons #int | 2 | Feb 13 | 1.9 | - | 5.9 |
| GrandMat | 12.8 | Apr 8 | 11 | 20.4 | 17.75 |
| Greycoatint | 2.3 | Jan 25 | 2.8 | - | 5.8 |
| GUSint | 12 | Mer 27 | - 11 | - | 84.6 |
| Lathern (James)int | 2 | Feb 13 | 4.25 | - | 11.25 |
| Lovell (YJ)fin | 6.75 | Apr 1 | 6.75 | 8.95 | 3.75 |
| Meden Martin Aint | 2 | Jan 11 | 1,0 | | 6.4 |
| Modern Marvin 8Int | 1 | Jan 11 | 0.8 | | 3.2 |
| Pilkingtonint | 2.93 | Feb 16 | 2.98 | . = | 10.5 |
| Scape | 1.5 | Jan 25 | 1.43 | | 5.01 |
| Sec Archives §int | 3 . | Jan 26 | 2.5 | - | 6.5 |
| Tiphookint | 3.5 | Jan 31 | 2.7 | - | 9,265 |
| Tunetziitin | 3 | Feb 12 | 2.75 | 5 | 4.5 |
| weitnenint | 0.81 | Jan 11 | 0.75 | | 2.1 - |

EANSWORLD BOND TRUST devard Roya DIVIDEND ANNOUNCEMENT

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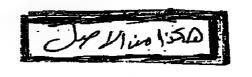
TRANSWORLD BOND TRUST MANAGEMENT COMPANY

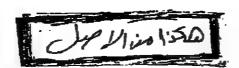
LEGAL NOTICES

BEAVER BUILDING SYSTEMS

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Comment of the last The second secon · COMMENT from the drugg the group was broken

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100 B. C. DE ANNOUNCED

Interim dividend increased by 5 per cent to 1.5p

Copies of the Interim Report will be circulated to share! 12 December 1990 and thereafter will be available from the Company Sceretary, SCAPA CROUP PLC, Oakfield House, 93 Presson New Road, Biarkburn, Lancashire BB2 8AY.

UK COMPANY NEWS

£23m loan costs curb Anglo United

By Andrew Bolger -

ANGLO UNITED, the fuel distribution company which last year borrowed heavily to buy the much larger Coalite group for £478m, said yester-day its debt repayments were

on schedule.
The announcement accompanied results for the six months to September 30, which showed pre-tax profits diving from 25.97m to £1.12m in spite of a £7.86m surplus on the sale of

property.
Turnover increased from £166m to £321m and trading profits from £7.3m to £15.5m. Last year's figures included only two months' contribution from Coalite and contained businesses which had subsequently been sold.

However, interest costs were considerably higher at £23.1m., against £3.5m. Earnings per share fell to 1.3p (4p). The interim dividend is again 0.2p.; Since the acquisition of Coal-

ite in August last year, Anglo United had repaid £195m of bank debt and expected to pay another £70m by next March, reducing the amount outstand-ing to £192m.

ing to 2190m. Mr David McErlain, chairman and chief executive, said he expected to raise about of Chatfields-Martin Walter, the motor distribution com-pany, Pozament, which makes grouts; Furnace Instruments;

and a lubricants business.

Mr McErlsin said: "In spite of the current business recession, I believe that the end of this financial year will see the disposal programme substan-tially completed and all of the bridging finance repaid on time. Having come through its transitional phase, the group will be in a strong position to focus all its efforts on the profitable expansion of its core

The new management had cut about 500 jobs in the enlarged group and moved to cut costs, improve margins and buying and distribution. On a like-for-like basis, overall trad-ing profits for the six-month period were 50 per cent higher, and in the core activities of smokeless fuel manufacture, solid and liquid fuel distribution and chemicals, trading profits had almost dou-

The Falklands Islands Com-pany had been adversely affected by the collapse in the international wool market and the reduction in fishing activity around the islands.

Mr McErlain believed the

group was now in stage of development where it would be right for him to resign as chief executive, and Mr John Gainham had been appointed man-aging director. Mr Roger Wal-lace, formerly finance director

with Coalite, had taken over Mr Gainham's role as group

Angle United is on course to meet its February debt repayment deadline, and seems to have found plenty of scope to squeeze increased margins from the formerly sleepy Coal-ite businesses. However, it is still operating in a mature and declining market and could be declining market and could be upset by maxpected factors such as hig losses on finctuating oil stocks. Full-year forecasts of at least fifm pre-tax give earnings per share of 3.8p. The ahares closed %p higher at 23p, putting them on a prospective multiple of 6. Since earnings could easily climb to 7p next year if all goes well, they could have considerable growth potential. But with growth potential. But with interest cover at only 1.2 times,

BTP makes £8.3m and expands in Europe

By Clare Pearson

BTP, the specialist chemical and industrial group, yesterday announced interim pre-tax profits of £8.32m and said it was expanding further into continental Europe with the purchase of a French safety equipment company for equipment company for

£1.8m.
The pre-tax total fell from £9.6lm in 1989, but the previous year's figure was distorted by the inclusion of a £3.1m exceptional profit on a busi-

The interim dividend is increased to 2.95p (2.75p). Adjusted earnings per share

rose to 7.389 (6.52p).

In June, the company raised £22m via a one-for-four rights issue to fund the £15.5m purchase of Cerestar, a west German harded of the forest business business. from Ferruzzi, the Italian

BTP said Protects, French company now being purchased, would extend the manufacturing and marketing facilities of its Fall Arrest safety systems hasiness which now has a number of oper

On the results, Mr Frank Buckley, chairman, said they reflected "the sustained performance of the group against a background of uncertainty within the industries we

He added that the start to the second half had been "satisfactory within the difficult economic conditions now pre-

Mr Rob Martin, finance director, said acquisitions pro-vided about half the profits increase. There was a three-month contribution from Cerestar and six months from ALC, a US supplier of flame returdant coatings.

Since the half-year end, BTP's chemicals division has acquired a polymer coatings and adhesives business and plant, while a Fall Arrest busi-



Frank Buckley : satisfactory

ness in Sweden has been acquired by the industrial divi-Turnover was £73.1m (560.12m). Mr Martin said this split up as £35m for chemicals, £16m for biocides — the preserfor industrials. Operating profits were \$8.83m (£7.1m)

O COMPIENT

A company that can deliver 13 per cent earnings per share growth even after making a one-for-four rights issue must be doing something right in the current climate, and BTP certainly looks in pretty good shape. Words like "specialist", "niche", "defensive" can sound pretty tired, but they do seem to apply to this company's assembly of activities which include making ingredients for circifying beer, coatings for fax paper and preservatives for various uses and which are various uses and which are nicely spread around the world. Pre-tax profits should reach film this year. At cur-rent levels, the shares are yielding a very comfortable 6.7 per cent and stand on a prospective p/e of just under 11, which is not overly demanding; worth bearing in mind.

NEWS DIGEST

Avesco falls £2m but

JUSTIFYING the warning given in September, Avesco reported interim pre-tax profits of only 2302,000, compared with

F2.33m in 1998-69. Turnover of the group, a supplier of equipment to the tele-vision and video industries, fell from £14.45m to £9.46m in the six months to September 30.

Earnings fell to 0.5p (4.8p) and
are absorbed by the maintained 0.5p interim dividend.

Mr Richard Murray, chairman, said the results were hit

by increased investment in product development at AVS and VideoLogic, difficult trad-ing in the UK and US, the impact of the strong pound, and a reduction of 10m in turnover following the loss of the Barco and MicroTouch distri-butorships and of Spaceward's main product.
Gearing was 15 per cent and very tight control over cash was being maintained.

interim held Gibbon Lyons hit by

Reorganisation costs of £174,000 pegged pre-tax profits of Gibbon Lyons Group, a maker of printed inks, to £729,000 for the six months to

September 30, against £702,000. Turnover at the USM-quoted company was £11.92m (£10.99m). Earnings per share dropped from 6.1p to 5.7p fully diluted. The interim dividend is raised to 2p (1.9p).

Channel Express

rises 29% to £1.02m Channel Express, the flower distribution company, yesterday announced interim pre-tax profits 29 per cent higher at £1.02m and an acquisition. The increase from 2793,000

SCAPA GROUP PLC

OUALITY PERFORMANCE

Interim results 6 months ended 30 September 1990

"We have some very encouraging product and marketing

resilience and quality at a time of uncertainty and flux in

developments in hand and the Group is showing its

many of the world's advanced economies."

Sales up by 5.0 per cent to £141.6 million

Pre tax profits £19.8 million (£20.1 million)

R W Goodall, Chairman

Earnings per share 7.1p (7.1p)

was achieved on turnover un from S8.76m to £14.55m, a rise of 71 per cent. The USM-quoted company is raising its dividend

Channel is spending £100,000, of which £20,000 will be satisfied by the issue of shares, in purchasing Avionics Mobile Southern, a supplier of avia-

The pre-tax figure was struck after the £67,000 share of losses of Ferryspeed, its related company, compared with profits of £23,000.

J Crosby declines and cuts dividend

In "its most difficult trading in "its most difficult trading period for many years", pre-tax profits at James Crosby, the housebuilder, fell from £2.25m to £815,000 in the six months to September 30. The decline was exacerbated by a rise in the exceptional provision against land stocks to £355,000 (£178,000) and higher interest and similar charges of £877,000

(2498,000). Turnover increase to £10.17m (28.54m).

The interim dividend is reduced to 0.75p (1.25p). Barnings were down at 4.9p (12.4p).

Murray Enterprise nav down 32%

Murray Enterprise, an invest ment company, reported net asset value down 32 per cent from 98.7p per share fully diluted at September 30 1989 to

67.5p 12 months later. Total revenue from divi-dends and interests fell nearly 50 per cent to £520,476 (£999,305). There was a net defi-cit of £11,206 (profits of £305,043 over 14 month period).
Loss per share was 0.18p (earnings of 1.11p).

Security Archives rises 32% to £3.2m For the six months to September :30, Security Archives,

USM-quoted secure storage group, saw turnover rise 35 per cent to £3.2m (£2.37m), while operating profits rose 38 per cent to £842,000 (£511,000).

back pre-tax profits to 2575,000 (1437,000).

Rannings per share came to 6.7p (5.7p) after a doubled tax charge and the interim dividend is 3p (2.5p).

Interest rates leave Latham at £0.22m

The strong pound, high interest rates and abnormally high bad debts were all blamed by James Latham, the timber merchant, for a collapse in interim pre-tax profits from £1.58m to \$222.00. £222,000

Nevill Long, bought for \$4.2m this April, had failed to cover the interest costs of the acquisition and the fall in housebuilding in the south of England had led to a loss in the company's timber centres.
In the six months to end-September, turnover was £36.55m

Earnings per share came out at 2.07p (19.96p) and the interim dividend is cut to 2p, against 4.25p.

REMY FINANCE B.V. FRF 300,000,000 ' **GUARANTEED PLOATING** RATE NOTES DUE 1993 For the period

> March 06, 1991 the rate hea been found at 10.1875% P.A. Next payment date: March 06, 1991 Coupon nr: 17 Amount: FRF 254,69

December 06, 1990 to

THE PRINCIPAL PAYING SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter

liphook plc

STRONG GROWTH CONTINUES

Turnover up 75% to £130.8m Pre-tax profits up 150% to £25.2m Interim dividend up 30% to 3.5p

INTERIM RESULTS

FOR THE HALF YEAR ENDED 31ST OCTOBER 1990

| Unaudited | 1990 | 1989 | Increase |
|---|--------|-------|----------|
| Turnover | 2130.8 | £74.8 | 75% |
| Profit on ordinary activities before taxation | £25.2 | £10.1 | 150% |
| Profit on ordinary activities after taxation | £23.8 | £10.1 | 136% |
| Interim dividend per ordinary share - net | 3.5p | 2.7p | 30% |
| Earnings per ordinary share | 21.9p | 17.5p | 25% |

"These encouraging results combine organic growth and margin increases as well as benefits from recent acquisitions. The container, trailer and rail wagon businesses are excellently placed for future growth in their expanding markets. I look forward to reporting the full year results".

Robert I. Montague, Executive Chairman.

Tiphook pic, Lancaster House, 7 Emfield Road, Bromley, Kent, United Kingdom. Telephone: 081-460 6060.



another record year

Euromoney Publications enjoyed another record year in the twelve months to 30 September. Turnover, profits, earnings and the dividend are the highest yet.

Over the past four years earnings a share have grown by 59 per cent and dividends from 10.6 pence to 18.5p a share. In that time, we have invested millions of pounds in acquisitions and in starting new businesses. Yet we have a strong balance sheet and £17 million in cash.

Since 1 October 1989, we have bought Camrus Airport Publishers, Financial i, the International Bond Letter, the title and subscription lists of Financial Weekly and of Billion, and have arranged to buy Corporate Location Europe and Australian Investment Conferences. We continue to look for suitable businesses.

While continuing to serve the international financial markets, we are moving into new markets for information such as energy (through Petroleum Economist), law (International Financial Law Review), direct cross-border investment (Corporate Location Europe) and aviation and asset finance (four magazines, directories and seminars).

We are expanding in these new markets by acquisition and by applying our existing skills in publishing 16 magazines; in books

and directories; in holding conferences and seminars; and in providing databases and training programmes.

Euromoney, our flagship magazine, is still our main source of profits. It has suffered from the worldwide fall in financial advertising although revenues from surveys last year were the best yet.

Book Publishing staged a remarkable recovery last year. Asset Finance seminars went from strength to strength, while the Institute of Finance, our training business, as well as the International Financial Law Review, Trade Finance, Airfinance Journal, Leasing Digest, LatinFinance and Euroweek all enjoyed record years. Our two new magazines - Asiamoney (published in Hong Kong) and the International Tax Review have

We held major sponsored conferences in Caracas, Singapore, Barcelona, Tokyo, Geneva, Brussels, Vienna, Dublin, Paris and Berlin and sponsored seminars in Acapulco, Bahrain, Amsterdam, London, Tokyo, New

Conditions in some of our markets have become difficult. However, the company is strong, has a good staff and is becoming wellspread. We shall do our best in what may be trying times.

The Year's Highlights

£34 million up 25 per cent Turnover £6,396,000 Operating Profit up 21 per cent Profits before tax £8,819,000 up 18 per cent Earnings : 27.9p a share up 16 per cent Total Dividends 18.5p a share up 16 per cent

The above figures have been extracted from the audited consolidated accounts of Ruromoney Publications PLC for the year ended 30th September 1990, on which the auditors have issued an unqualified audit opinion. The full report and accounts will be filed with the Registrar of Companies in due course and can be obtained from the Company Secretary, Paul Hewitt, Nestor House, Playhouse Yard, London EC4V 5EX.

EUROMONEY PUBLICATIONS PLC

Comparative Consolidated Profits (unaudited)

| | | er ended ptember |
|--|---------------|---------------------|
| | 1990 £m | 989 m2 |
| Turnover | 1,182.2 | 1,259.9 |
| Profit before taxation (including realised property profit £4,3m; 1989 £4.8m) | 182.1 | 171.0 |
| Timestion (1990 estimated effective rate for year; 1989 actual rate for year) | 62.7 | 59.0 |
| Profit site taxation Minority interests | 119.4 0.1 | 112.0 0.1 |
| Profit after receiption attributable to ordinary stockholders | 119.3 | 111.9 |
| Extraordinary profit on disposals (efter provision for taxation) | 113 | 9.1 |
| Earnings per ordinary stock unit (excluding extraordinary profit) | 48.2p | 44.6p |
| Interim dividend declared | 12.0p | 11.0p |
| interim dividend | | |
| The interim dividend amounts to £29.7 millon and will be paid on 27th March 1991 to Ordin Register at the close of business on 21st Febr | ary Stockhold | |

| 00.7 10011 | |
|------------|---|
| 1990 % | 1989 |
| 221 | 41.3 |
| | |
| 9.3 | 11,4 |
| 33.6 | 32.3 |
| 15.0 | 15.0 |
| 100.0 | 100.0 |
| 94 | % |
| 86.8 | 84.1 |
| 6.3 | 6,9 |
| 17.05 | 3.7 |
| 6.3 | 5.3 |
| 100.0 | 100.0 |
| | % 42.1 9.3 33.6 15.0 100.0 % 86.8 6.3 1.8 6.3 |

Trading Review

The Group continues to comprise four major business divisions described in the analysis of income with a co-ordinated management structure to cope with the changing markets in which they respectively

Trading conditions in the first haif of the current financial year and since have been difficult, influenced by the slower rate of global economic activity. Home shopping sales have maintained approximately last year's revenue level. Higher interest rates, careful lending poli and a down turn in the vehicle and housing industries have resulted in much lower demand for consumer and corporate finance, with a compensating profit factor in the increased income arising from collections and deposits. Surberry comparative profit was about the same as last year, the results being affected by the impact on tourism of overall economic conditions and the Gulf crisis. Property rentals

were somewhat ahead of last year.
The current improvement of starling in a growing world of convertible currencies has been noteworthy, and overall results from overseas trading companies translated into pounds have therefore been lower. By contrast the much larger element of Group profit in sterling is more valuable in terms of other freely traded currencies.

Whilst the difficulties ahead should not in any way be underestimated - for a group of our size cannot be insulated from the macro-economic policies needed to reduce the present level of - the distribution of net worth remains well belenced between net current assets and property. The diversified nature of our operations together with strong balance sheet liquidity and property value, provide a measure of support that is helpful in

The Company maintains its endeavours to maximise income and net tangible assets per share, minimise costs and invest in the future. 6th December 1990

Fighting the spectre behind the bond issue

Maggie Urry charts the last few months for George Walker as he struggles to keep his company afloat

HE TALE of Brent earlier life as a heavyweight Walker might come to typify the sudden change in the UK corporate climate between the 1980s and

The same story could have been told of many of the fast growing companies, often headed by a "personality", bred in the hothouse atmo-sphere of buoyant economic growth and easy money and which have withered as the cli-

Brent Walker, which runs pubs, betting shops, casinos, marinas, hotels and golf courses, has spent the last cou-ple of months negotiating a refinancing package necessary to ensure the group's survival. Last weekend, at the end of one last late night session, the group finally tied up a bond

issue which formed the final part of the solution to its nmediate cash problems.

However, this is only the Walker's financial difficulties. A complete restructuring of its

debt is to be discussed over the next three months.

With hindsight, it is all too easy to see where the company

Like many other companies, it could argue that it was the victim of circumstances - that t soffered from a combination of high interest rates, falling property values, and the sud-den stiffening of banks' lending policies. Mr John Hemingway, a non-

executive director, believes that Brent Walker's problems can be put down to one thing: "The market ran against us over the past year."
But the company cannot

escape blame.
Had it not done its last, and most ambitious deal; had it sold assets before the property market turned so suddenly sour; had it not borrowed too much from the ever-willing bank lenders, it might have avoided having to go to its banks to work out a rescue plan. While Mr Hemingway thinks that the group was never close to going into administration, this was clearly an outcome its bankers regarded as possible.

Brent Walker was not alone. The late 1980s was a time when deals were there to be done, and banks were ready to lend almost indiscriminately.

. The "deal too far" has been a recurring theme in the stories of corporate downfall this year. Brent Walker's story cannot be separated from that of Mr and chief executive. He is the driving force behind the busi-ness, as well as being a large shareholder in it. Mr Walker, according to someone close to him, has "the sort of mind

which can suppress bad news". But his personality has also probably saved the company. Much has been made of his

a back-up to that loan. However it coincided with the time that the Japanese banks began to rein in their lending, concerned about their weakening capital ratios. Only a week before Brent Walker expected to get the money it heard that the funds would not

career as a public com-pany, with a market capitalisa-tion of £33.7m and forecast 1965

pre-tax profits of £3.5m.

By mid-1987 the group was valued by the market at £255m,

but that proved to be its peak. When the 1980s ended, the

stock market had already

begun to have doubts about

the company. Its value had fallen to £180m, although its 1989 pre-tax profits were £82.2m. And it had just com-

pleted its most ambitious deal,

the purchase of the William Hill betting shop chain for

deals, and the deals were done by Mr Walker himself. He was

the genius buyer and seller,

who could spot an asset's real

worth, and baggle to win a

good price.

After the William Hill deal
Mr Walker knew he had to sell

assets to cut the group's debt. That totalled £787.6m in the

December 31 balance about and

did not take into account the

2348.4m debt of William Hill Group, the off-balance sheet

company Brent Walker used to

buy William Hill. But it was just at the time when the sell-

ers' merket turned into a buy-

ers' market. Mr Walker could not bear to sell at a price which he considered too low.

the requirement to refinance some short-term money, facili-ties due to be repaid in the autumn," says Mr Hemingway. The plan was to raise a £150m

dium-term loan to repay the

debt, and the group started talking to some Japanese banks which seemed ready to

land with the money to be

drawn on August 1.
"We were led to believe the

money would be forthcoming,"

maintains Mr Hemingway. And Mr Walker, optimistic as ever,

did not see any need to arrange

But in March, "we identified

Brent Walker was built on

his was when Brent Walker's problems became serious. One adviser says that Mr Walker's immediate reaction was to consider taking the was to consider taking the company private once more, but it would have been hard to finance a buy-out. While the group was rich in assets, it was also heavily burdened by liabil-

ities. And as asset values

declined, the pendulum was swinging against the company. What was needed was an injection of equity. But with the share price already low, a rights issue would have meant giving away equity too cheaply. Instead the group started work on a convertible

bond issue in August.
On September 27, Brent
Walker announced its interim profits, showing a 52 per cent rise. Superficially the group looked to be in good shape, and Mr Walker seemed confident that the business was reces-

But, strangely, the dividend was not increased, a first hint of the cash constraints the company was working under. Also the interim balance sheet showed that debt had risen to £1.15bn, including its share of the William Hill debt, despite the £210m sale of the group's wines and spirits business in

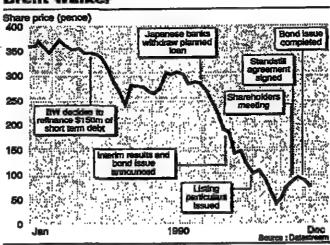
the first half That day the plan for the bond issue was also revealed, although by then the £103.3m issue had been largely placed with investors which the company itself had found. It decided not to have the issue underwritten except by the placees, once again an over-optimistic decision which turned

out to be expensive later. It was only a couple of days before this that Hill Samuel, the merchant bank, had been appointed to handle an open offer of the bonds to shareholders. Over the next few weeks Hill Samuel and Smith New Court, Brent Walker's brokers, were to struggle day and night to produce the listing particu-lars for the bond — the document required by the Stock Exchange before a new secu-



In the words of one banker: We did a phenomenal amount of work, but it was George Walker who did the real battling

Brent Walker



meeting set for November 15,

the latest possible day if the bond issue was to beat the Stock Exchange's deadline to

here followed a fort-night of late night nego-tiating sessions. Throughout this period, appar-

itly, two of the banks had

barristers on permanent standby, ready to go to the High Court with a winding-up petition at a moment's notice.

One banker involved says

that he did not get to bed before 5sm any night and some nights did not bother at all.

deal claims a record stretch of

86 hours without sleep.
On the Saturday before the

shareholders' meeting was due, all the group's banks met to agree a plan. They had come to

realise that the proceeds of the bond issue, which Mr Walker had originally told them would

be used to repay some existing

debt, were going to have to stay in the company. Worse, the group needed another 250m. This was because Grand Metropolitan,

the vendor of William Hill, had

started High Court proceedings against Brent Walker for the

final instalment of the pur-

chase price which had been

due in September. Brent Walker had not paid, claiming

that it was due \$160m back from GrandMet.

with agreement for a stand-still on capital repayments until the end of 1991, in return for a rise

in the interest charges the group would pay on its debt and security on the loans. Brent Walker also had to

promise £50m of asset disposals

and the bond issue had to raise

at least £99m. Since Brent

However, the meeting ended

get a listing.

There are strict rules about the information which must be included in such documents and it began to dawn on the stock market, as the group missed deadline after deadline for the issue of the document, that the company was having difficulty meeting those requirements. The share price

As the corporate finance experts worked on the document, they discovered that producing the required working capital statement was a problem. This statement, signed by the directors, is designed to assure investors in pany can afford to pay the interest and eventually repay the capital.

Mr Hemingway says that about mid-October the com-pany realised it was close to breaching the loan covenants agreed with its banks. Bankers were beginning to realise that the group had serious cashflow

"We began to run into things, a lot of small things," says one. They found for instance that in June the group had raised £27.4m by doing sale and leaseback deals on 99 of its pubs.

In mid-October Brent Walker algued a contract over a site at Elstree, Hertfordshire, which was being sold for £19.5m to Tesco to build a superstore but was subject to planning permission. This deal allowed Brent Walker to sell the site to another company for £10m and buy it back, up to five months later at £12m, a sign of the company's desperation for

A few days before the listing articulars were to be pubished. "It became clear that a rescue was necessary, and the company began to accept advice that this was the case," says a banker. Tension mounted and the share price fell alarmingly, dropping to 19p on the morning of October 26. The Bank of England was drawn into the argument, find-ing it necessary to give a push to some recalcitrant bunkers.

hen the document eventually appeared on October 29, the on October last possible moment if the Stock Exchange timetable was to be met, the working capital statement could only say: "The issuer will have sufficient working capital for its purposes if a satisfactory variation to the existing banking arrangements for the Group . . . is agreed with the Group's bankers." This showed outsiders that a full-scale refinancing of the group's debt

The listing particulars also revealed the group's desperate need for cash. A deal to raise an emergency £40m by pledging some of the group's pubs was tied up only hours before the particulars were finalised. And it showed that the debt mountain had climbed again -

contingent liabilities were included. Even this figure was to prove an underestimate. Although the listing particulars said that there was agreement in principle among the group's bankers, the banks -nearly 60 in total - had barely two weeks to hammer out a deal if it was to be ready in time for the shareholders'

to £1.4bn when guarantees and

was expected to reach £150m, these two latter elements were vital to the deal.

in the event, it was not possible to get the stand-still agreement signed before the shareholders meeting. So shareholders had to vote "blind", without the details of

Bankers had been confident that the issue would be approved, if only because it was clear that a failure to complete the bond a failure to complete the bond issue would put the company's future in doubt. It was duly passed despite the fact that the issue would be highly dilutive to ordinary shareholders. By this point it was clear that the bonds themselves would be a poor investment, in the short term at least, for any shareterm at least, for any share-holder who exercised the right

to claw back the bonds.

Late that night — or rather early the next morning — the stand-still agreement was finally signed

At that point the banks thought everything was fine, although it was agreed that the stand-still was just a tempo-

There was still the condition that a minimum 199m had to be raised through the bond issue to avoid "an event of default". "We had no qualms it would go through," says one banker. He and some colleagues went to the Ritz Hotal to drink a celebratory glass or two of champagne. But he was wrong, a series of crises fol-

There was no hint of any problem until the following Monday, November 19. By then Birdcage Walk, Mr Walker's family company, was due to have subscribed £17.3m to the bond legge relating to the family company. bond issue relating to the shares it held in the company. But that money did not arrive

Mr Walker was confident that he would be able to put up the money, plus a further £10m he was putting into the issue, by the final closing date for the ond. Indeed, he was reluctant even to announce that the £17.3m had not arrived and only hours of debate eventually led to a press release being

The closing date for the bond had been set for November 23, a Friday, but it was extended to the following Tuesday November 27: The places of the bond issue were informed that they should send their

money by 3pm that day. On Tuesday the leading players in the drama gathered at Hill Samuel's offices, expecting to have tied up the deal by 3pm. But two of the places, spm. But two of the places, Tunis International Bank and Citimet, a Bahamas-based company, which had each pledged £10m, failed to send the money.

£10m, failed to send the money.

Mr Hemingway says that the
money from these two placess
had been committed in September, but each had suffered significant changes in circum-

Mr Ebrahim Al Ebrahim. Tunis International Bank's chairman, had personally arranged a small group to subscribe the £10m. But it is thought that some of these had been caught up by the troubles in the Gulf.

Citimet, says Mr Hemingway, is a consortium of off-shore funds, some of which had suffered losses on Wall

Had the issue been underwritten, the failure of these two piacees to pay up would not have posed a problem. But as a result new investors had to be found and fast, and that was difficult at this late stage. As Mr Hemingway put it:

"Why should someone buy a bond in November on terms set in September? The bonds were convertible at 140p and by now the share price was down to about 90p.

That Tuesday afternoon the lawyers quickly found a way to extend the deadline yet again to midnight on Friday, November 30, giving the company three days in which to find three days in which to find enough money to take the bond issue over £100m, a minimum set by one of the placees.
"It was three days of panic,"
says one who lived through it.

Tunis International Bank and Citimet each came up with part of their investment. Mr walker himself put in another £2.2m. But in order to raise the rest of the money. Mr Walker offered investors the right to sell bonds back to him at their par issue price. This offer covered £10.4m of the bonds, of the bonds, of the bonds. which £5.4m were bought by some of the banks, and the rest by a mystery investor, believed to be Lonrho, the international trading company.

It was not until 11.30pm just half an hour before the final deadline - that the bond issue was completed.

It is impossible to say whether, had the midnight deadline been missed, the deadline been missed, the group's bankers would have continued with their support. By signing the stand-still agreement, the banks were accepting in principle that the group should be saved.

In a forced sale, the assets might have fetched only half the value of the group's debts.

And unlike some companies

And unlike some companies which have foundered in the 1990s, Brent Walker's main business is largely recessionproof. People continue to spend money in pubs or betting shops even in a harder economic climate. It is the property dis-posal profits in Brent Walker's figures that are under pres-

However, this was by no means the end of Brent Walker's problems.

The stand-still agreement was merely a stop-gap mea-sure, and some bankers regard the most important part of the deal as a commitment to restructuring the group's liabilities completely, the better to match its long-term cashflow pattern.

In order to do that, Touche Ross, the auditor, has started work with the company on a corporate plan so that a new package of loans can be set up. The new deal may require fur-ther asset sales. Essentially, Brent Walker must get back into a position where its operating businesses can service its interest payments and begin capital repayments. This is likely to require substantial changes in its structure.

deadline of mid-Febru-ary has been set on this refinencing. And by then, say bankers, Brent Walker must have fulfilled another commitment it made by bringing in a new non-executive chairman as well as a new finance director. The election of a finance director. was already underway even before Mr Wilfred Aquiling resigned yesterday from the

However, this already seems to be a bone of contention between the two sides. Mr Hemingway says that it would be difficult for a new director to come in and become chairman straightaway. Further, he says, everyone agrees, "George Walker is the best person to run this company." With his family holding 27.1 per cent of the diluted stock in the group, it is hard for anyone to argue

Transport Department Hong Kong Government

Invitation to Apply for Prequalification for a Contract for the Management Operation and Maintenance of the Government's Aberdeen Tunnel

The Transport Department of the Hong Kong Government invites interested parties to apply for prequalification for a contract for the management and operation of the Aberdeen Tunnel on Hong Kong Island and operation and maintenance of the tunnel engineering equipment and plant.

In the 1989/90 financial year, the average daily traffic volume of the tunnel was 49,191 vehicles and the gross revenue was \$53.90m

Applicants who are shortlisted will be invited to tender for this contract. A single contract will be awarded.

The Aberdeen Tunnel is 1.85km long and has been operational since 1982. There are 12 toll booths for the collection of toll situated on the south side of the tunnel.

The tunnel connects the south side of Hong Kong Island with the north side and Kowloon via the submerged harbour crossings.

A formal invitation will be published in the Hong Kong Government Gazette on 7 December 1990. Further information will be given in the Gazette Notice. The closing time for the applications shall be 12:00 noon on 11 January 1991 (Hong Kong time). Late submissions will not be considered. Any organization interested in this invitation should contact the Transport Department of the Hong Kong Government by Fax. No. 852-824 2741 on or after Friday, 7 December 1990 (Hong Kong time) to obtain a copy of the Gazette notification. Organizations should give full details of their Facsimile numbers and the full names and telephone numbers of their authorised persons. Joint ventures with other companies will also be considered.

This notification does not constitute an offer. The Hong Kong Government reserves its right to reject any application at its discretion without giving any reasons.

> Gordon K. C. SIU Commissioner for Transport Hong Kong Government

EUROMONEY PUBLICATIONS PLC NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the company will be held at the Stationers' Hall, Ave Maria Lane, London EC4 on Wednesday 16 January 1991 at 3.30pm for the following

1. To receive reports of the directors and the auditors and the accounts for the year ended 30th 2. To approve a final dividend for the year ended 30th September 1990 of 12.0p on each of the

ordinary shares of 1p each then in issue. 3. To re-elect T Hosomi, a retiring director, who is 70 years of age. Special notice has been received

4. To re-elect Sir Patrick Sergeant as a director.

5. To re-appoint Ernst & Young as auditors of the company and to authorise the directors to fix their

By order of the board

Notes

 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not also be a member. A form of proxy for use at the meeting is enclosed and if used should be lodged with the Secretary at Nestor House. Playhouse Yard, London EC4V 5EX not less than 48 hours before the meeting.

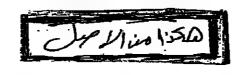
2. Holders of international depositary receipts (IDRs) in respect of ordinary shares in the company may give directions in writing as to the voting of such ordinary shares on application to Banque Internationale a Laxembourg SA (BIL) of 2 Boulevard Royal 2953, Luxembourg, attention Securities Department, and by depositing their IDRs with BIL or any of the agents mentioned on the IDRs. Such instructions must be received by BIL and such deposits must be made no later than 3.30pm on Wednesday 9th January 1991,

3. It is proposed to pay the final dividend, if approved on 22nd January 1991 to shareholders registered

Holders of international depositary receipts can receive their dividend, if approved, from 22nd January 1991, by presentation of coupon number 7 to Banque Internationale a Luxembourg or one

5. Particulars of transactions of each director and his family interests in the shares of the company will be available for inspection by members at the registered office of the company during usual business hours until the date of the meeting and at Stationers' Hall, Ave Maria Lane, London EC4 from 3.150m until the end of the meeting on 16th January 1991.

6. Particulars of service contracts of directors will be available for inspection at the registered office of the company during usual business hours until the date of the meeting and at Stationers' Hall, Ave Maria Lane, London EC4 from 3.15pm until the end of the meeting on 16th January 1991.



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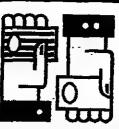
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FINANCIAL TIMES SURVEY

RETAILING

Some UK retailers want a relaxation of Sunday trading laws: Page 3

Friday December 7 1990



Shopkeepers in the US

are preparing for another

cold Christmas: Page 2

After the rapid

market expansion of . the late 1980s, high interest rates and rising costs mean

Christmas this year will be a

gloomy one for many retailers. As John Thornhill writes, increasing professionalism will be required to attract and retain customers

Grim season greets sellers

THE LAMPS are going on all over Europe as the continent prepares for Christmas.

Many retailers will be

Many retailers will be eagerly looking forward to what is traditionally their busiest trading period. But for others, particularly in the UK, it will prove a grim season. As trading on the high street has slowed under the onslaught of high interest rates and steadily rising costs, declining profits. rising costs, declining profits have squeezed UK retailers leaving several of them dry.

A string of disappointing results and corporate collapses has resulted. Some of these well-known casualties fell vic-tim to their own ambition. tim to their own ampition.
Sock Shop expended too fast
and was forced to call in the
administrators in February.
Others, such as Lowndes
Queensway, the furniture and
carpets company, saddled
themselves with unrealistic themselves with unrealistic levels of debt which proved too heavy when times turned

There follows a list of walk-ing wounded such as Magnet, MFI and any number of US retailers which are now suffer-ing from heavily-leveraged buy-outs. Many of these LBOs limp along squeezing the cash out of their businesses, and hoping for trading to pick up. Some will survive the course;

others surely will not. Even some well established Even some well established high street names such as Burton Group and Sears have found the going extremely tough and are facing tumbling profits as cost increases spiral ahead of sales.

The signs of distress are everywhere. No wonder perhaps that many retailers are desperately calling for a reduction in inferent reises.

But some followers of the retailing sector argue that this

retailing sector argue that this visible malaise brought about by the recession and high interest rates only disguises

more fundamental changes in the industry.

They see the steady market growth and hectic corporate expansion of the late 1980s as a period of aberration and today's straitened trading con-ditions as those that will

Mr Geoff Mulcahy, chairman and chief executive of Kingfisher, the retail conglomerate built up out of the Woolworths chain, put the matter bluntly in his company's 1990 annual report "Last year's more diffi-cult trading climate was more than a temporary cyclical downturn. I believe it foreshadows even tougher conditions to come and that we are seeing the onset of fundamental



side skopping complex, Thurrook: a good location may be sufficient to shrup off the depressed state of the market

changes in the requirements and spending patterns of our manager.

He continued: "The chalnge for retailers is to provide the extra value customers are demanding for their money, against a backdrop of signifi-cantly increased cost pressure of our own."

The cost pressures that are now eating away at retailers' margins are indeed considerable. Rents, which are normally based on a five year review still reflect the demand levels of the late 1920s. And levels of the late 1980s. And high rents have affected an increasing proportion of retailers since many of them indulged in sale and leaseback deals during the 1980s.

Rates, too, have risen sub-stantially as a result of the Uniform Business Rate, which is expected to increase the average multiple retailer's rates full by around 15 per cent

a year over the next five years. Wages, the other significant element in the costs equation, have climbed sharply in recent

years as unemployment has fallen and inflation has esca-lated. As retailers fight to win their share of the labour mar-

ket, annual pay awards have climbed ever higher.

But just as UK retailers try to grapple with these troubled trading conditions another set of difficulties looms on the horizon. Environmental con-cerns and food scares have cerns and food scares have come to the forefront of the industry as never before. Changing demographics is con-tusing the trading assumptions of many sectors and there is a growing fear of competition from overseas

OM Overseas Moreover, the emergence of the single European market is beginning to become a reality and some of the leaders of the industry have been issuing dark warnings about "conti-nental invaders" who seem-ingly play by different rules and who are prepared to sus-tain losses in order to build their market share.

The storm of controversy that has attended the arrival of

Aldi, the German discount gro-cery chain, producing rumblings of price wars, is just one example of the way in which the sector may be shaken up by new entrants in the coming

Other continental discount retailers are said to be keen to follow, envious of the 5 to 6 per cent net margins that the most successful food retailers have achieved in the UK.

American companies, such as the Gap and The Limited, are also making their presence felt on the UK high street. The Japanese, too, have been entering the market through the securities of American street. acquisition of Aquascutum and

trading link-ups with Laura Ashley and Body Shop.

The high street, it seems, is set to take on an increasingly international aspect in the 1990s, especially if overseas investors identify takeover targets among the UK's vulnera-hle publicly-traded companies. Although the market has undoubtedly become tougher,

some of the best operators in it

have become equally tough. The most successful UK retailers rank with the best in the

A recent survey in Super Marketing magazine, for exam-ple, ranked J Sainsbury the top grocer in the world in terms of sales per square metre, with Waitrose, owned by the John Lewis Partnership, third and Tenco litth.

The food retailing sector has generally proved to be one of the most resilient retailing sectors in the UK and provides a startling contrast with much of the non-lood sector. As profits have tumbled all around, most big grocers have recently recorded buoyant trading

Undoubtedly their continued strength has had much to do with the fact that food is an with the fact that food is an essential part of the family budget while a new carpet or a compact disc player is not. But there is also a growing recognition of the skills that have been displayed by food retailers as good shopkeepers. Quick to pounce on the virtues of out-of-town locations where more efficient super-stores could be built which would be sufficiently flexible to take on board the benefits of computer technology and dis-tribution systems, and ever-conscious of the needs of their customers, the best of the gro-

cery chains have proved to be

remarkably successful busi-

Some of the best in the nonfood sector have also learnt these lessons. In particular, a few of the long-established retailing empires, which appeared to some to be rather like lumbering dinosaurs foundaring in a new age in the 1980s have come back into

their own.
Such old and unglamorous high street names as Marks and Spencer and the John Lewis Partnership are now reaping the benefits of the heavy investments that they made in new technology and training and they are joined by a much newer breed of profes-

IN THIS SURVEY

M Eastern Europe: an array of obstacles deter entrants to the market

nese operator is challeng-

#The US: a review of how the industry is responding

M Leveraged buy-outs: bunkers are now cautious of the sector Page 2 Electronic Information:

in spite of the downturn, Epos is gaining popularity # Sunday trading: how would relaxing the laws affect business?

in the nature of the population are offering new possibilities and posing new problems

Property: tough times put pressure on property companies that own and develop shops Page 3

E Related Surveys: Page 2

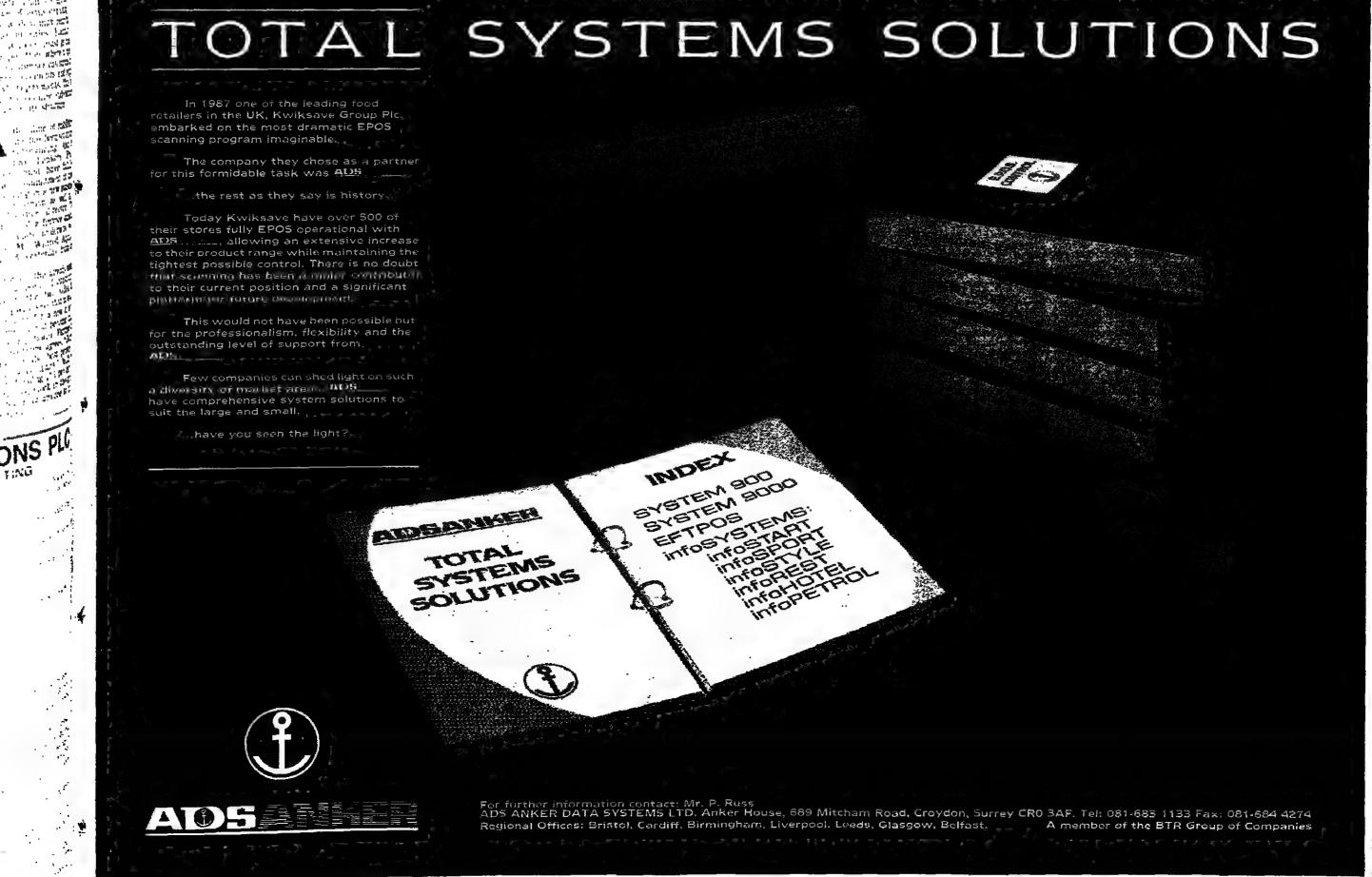
sionally-managed chains such as Argos, Kingfisher and Rat-

What these retailers all have in common is the desire to maximise the productivity of their existing assets and not simply chase more sales by adding new shops, like the so-called "space bandits" of the previous decade.

The days when anyone could seemingly make money on the high street provided they found a desirable location are

Instead, retailers will be forced to become better managers of the assets and people that they have. They will also have to become more sophisticated in their analysis and delinition of their markets and increasingly skilled in attract-ing and retaining their custom-

All this suggests that the high street will become a more professionally managed sector where graft counts more than glamour and where the basics of business become paramount.



Eastern Europe is daunting but worthwhile

A challenging market

Europe can immediately see the enormous potential for the development of retailing in the region. The shoddy shops, the low-quality goods, the poor packaging and marketing and the disorganised distribution networks all scream out for

vestment and development.
The statistics confirm the impression. A comparatively low concentration of retailing space — about one quarter of the equivalent in western countries — a potential market of 425m people and consumer demand which currently outstrips product symply are all strips product supply are all factors to entice the outside

But although the need for development is clear the means of achieving it are not. There remains a formidable array of obstacles to deter potential

First, and perhaps most important, ranks a completely different mentality. The basic concepts of pricing, marketing and service are little understood and have to be learnt

An underdeveloped infrastructure also complicates the conduct of business. Poor telephone lines hamper effective communication and unpredict-able transport links prevent efficient distribution of the

Seemingly arbitrary legislation, financial impediments and doubts about the political stability of some of the countries in the region add further dimensions of uncertainty to

Many UK companies, especially public ones, take the view that the pay-back of investing in the region at present would be too long and risky and could not be justified dr shareholderu. Wait a few years, they argue, before the intrastructure devel-

market economy and a stable democratic order are in place. longer-term view and are already plunging into the region. In particular, several continental Suropean compa-nies - a lot of them privatelyowned - with longer time horizons and the advantage of

entering these markets in order to establish a presence Ikea, the Swedish furniture

geographical proximity are

Aithough the need for development is clear the means of achieving it are not

company, and Asko, the German retailer, are currently making substantial investments in eastern European markets on a long term basis. But the degree of commit-ment can be daunting. McDonald's, the US fast food chain, took 14 years to negotiate its way into the Soviet market and has had to set up a totally inte-grated food supply, processing and distribution syste

It has also had to introduce an intensive training programme putting four Soviet managers through its 10-month course at Hamburger University in Chicago and sending 25 assistant managers to Toronto for three months.

But the struggle is worth it according to Mr David Jeary, a consultant at Price Waterhouse, which has prepared a report on the retailing sector in eastern Europe for the Euro-

The study suggests that there are great opportunities for Western retailers but only over a long time scale. But Mr Jeary warns that

investigate the possibilities soon may be in danger of losing out to the competition.

"Many companies are adoptbut if they wait too long then others will get in and steal the best parts of the market and get their brand names known ahead of them," he says.

One organisation which is perhaps pretrienless.

perhaps particularly well-suited to understanding the ns of the region and to adopting a longer-term per-spective is the co-operative

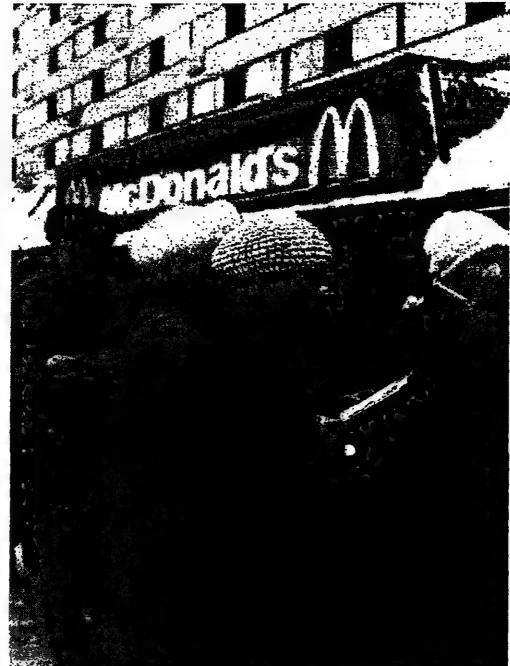
Sir Dennis Landau, the chief executive of the Co-operative Wholesale Society and chairman of Inter Co-op, the international co-operative organisa-tion, says the movement could have a hig role to play in help-ing the eastern European countries help themselv

The first thing we have to do is to give a certain amount of moral support and explain that co-operatives can exist

and prosper within a market economy," he says. Inter Co-op has opened an office in Budapest to foster closer links between the movements in eastern and western shared expertise in retailing, warehousing distribution and logistics and is including the eastern European co-op societies in its joint buying activi-

But the co-operative move-ment also has to tackle the sensitive political issue of the stigma that lingers from the communist era when the societies were invariably run by Party placemen. "Everyone is saying Hurray! Hurray! Communism has collapsed' without having any conception of the history of the last 40 years," Sir Dennis says.

John Thornhill



Moscow: McDoneki's took 14 years to negotiate its way into the Soviet market

Japanese government to revise retail store law

Small shops threatened

KOKUBU and Co, Japan's leading wholesale food distrib-utor, is coming to the rescue of.

The 270-year-old company, which services some 25,000 food and drink outlets, has set "retail support" plan which ranges from helping its mostly small and mid-sized citents with paperwork and merelectronic ordering system so as to speed up deliveries.

Behind the company's drive to assist its customers are fears that many may not survive. The government has issued a directive relaxing a 17-year-old law that, in effect, gave small shops veto power over plans by larger stores to move in on

If Kokubu is alarmed at that prospect, it is not alone. For-mal revision of the so-called Large-Scale Retail Store Law, agreed to by Tokyo under pres-sure from the US, is still months away, and its impact is far from certain. But already it has roused many of Japan's 1.4m small retailers from their

Throughout the nation. shopkeepers have warned of mass bankruptcies. The Japan Chamber of Comrce and industry has called on legislators to exempt retailers in larger cities from changes in the regulations.
The Ministry of International

Trade and Industry, which administers the retail store law, is seeking Y159bn (£625.98m) in subsidies for small shops to brace them for the coming of the big intrud-

"Small retailers have to learn how to survive," says Mr Kazuko Ouchi, an analyst with SBCI Securities (Asia). "They are protected so they've spent nothing on capital investment. They've been selling the same things for the past 10 years."

Ms Joy Walbert of Salomon Brothers Asia adds: "They realise they've been terribly inefficient and charge too much.

OUR

INSIDE

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The speciality stores have been cutting into the business. In the US they call them 'category

store law.

the real impact of the establishment of more big stores may be felt in Japan's multilayered distribution system,

'Small retailers to survive'

has at least twice as many retail stores per capita as any other industrialised nation. Smaller stores accounted for about 85 per cent of sales in the Y125,000bn retail market in 1989, according to government

store law, the legislation has

When one such category buster, Toys R' Us of the US; applied in January to build a store in Nigata City, in western Honshu, that brought Washington into the dispute

have to learn how

since some large retailers, such as Toys R' Us, purchase their turers or set up their own, less-complicated wholesale struc-

Others say that it is the nation's large manufacturers who are heading for a fall. Companies such as Matsushita and Toshiba have set up thousands of special stores that sell only their products at the they dictate. A proliferation of high-volume discounters could eventually upset that

With about 1.5m units, Japan

But a Miti survey shows that the number of family shops in Japan fell by about 16 per cent between 1982 and 1988, largely because the sons were not interested in taking over the

Thus, say opponents of the

Yet, industry analysts say,

stock directly from manufac-

mainly served to protect large retailers. Since new outlets

cannot be set up easily, the existing big stores have few rivals. Indeed, the large retailers have been split on the Isme: the Life Store Chain filed suit in March in order to overturn the retail stores law, while Dalei, Japan's largest mass marketer, has publicly

defended the statute. The retail store law, estabretailers to "notify" local governing authorities of plans to open stores of more than 500 sq

The law does not actually say the large retailers need permission to set up shop. But in consensus-driven Japan, local authorities have rarely accepted such notification until agreement was reached between the retailer and neighbourhood shopkeepers. In some cases, that has kept some big chain stores waiting 10 years

On May 30, after months of pressure from American negotiators and large Japanese retailers, the government decreed that decisions on large-store applications must be made within 18 months. About 1,100 applications are pending for large stores throughout Japan, according to Miti.

The Americans were keen on the issue because imported goods in Japan are generally sold in supermarkets and department stores, not small shops. With a change in the store law, they hope to make headway in the retail market, especially with food products, which remain among the most competitive goods the US

But it was Toys 'R' Us's application to build a 5,000 sq m store in Niigata that became a symbol of Japan's animosity toward big retailers, foreign

The New Jersey-based store has announced plans to build 10 stores each year for the next few years in Japan. Anything near that number would cer tainly lead to a shake-up in the

MOS

for further information please contact:-Kerry Lowsley , The Open Learning Co-ordinates MOS (Training) Ltd., 14-16 Carlton Road South,

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OPEN LEARNING

country's Y600bn toy industry. Beyond the sheer size of its planned stores, Toys 'R' Us's strategy of selling in bulk, directly from suppliers, has made its entrance into the

But while the issue has been brought to a head this year, the revision of the store law should only help promote a trend that is already taking place: the "Americanisation" of Japanese retailing, as one

Despite the restrictions of the law, the movement in retailing nowadays is shifting to larger stores outside the cities to which many people

According to the Japan Shopping Centre Association, 89 new large shopping centres, with store space of at least 1,500 sq m, opened in 1989. That was the highest total since 1981, when shopping cen-tres first emerged in Japan, and was all the more remarkable since land prices in many regions go for Y800,000 per 3.3

By the end of last year, Japan had 1,429 shopping cen-tres, and that figure could double in the next few years. Seibu, Isetan and Tokyu department stores plan new stores south-west of Tokyo; Daiei will open five stores; Ito-Yokado, best known for run-ning 7-Kleven Japan, will build

Still, Japan has a way of turning potential revolutions into slow-crawling evolutions. Land prices, the growing labour shortage and rising construction costs are bound to frustrate many expansion plans, especially for foreign retailers eager to move into the market. And it is still unclear whether local governments will even follow Miti's direc-

Another problem is that the country is so congested, even in suburban and regional areas, that it is becoming more difficult to find open spaces. And a suburban shopping centre without a spacious parking lot is almost a contradiction in terms. Even in Japan.

Mark McQuillan

THE UNITED STATES

Braced for a

US RETAILERS are bracing thamselves for their second successive cold Christmas after a decade which opened with a spending spree and closed with something of a bang.

has been ushered in by the tri-ple spectres of recession, surging all prices and the prospect of war in the gulf, although most stores were festooned with Christmas decorations

before Thanksgiving.
None of this bodes well for US retailers, many of whom rake in more than 50 per cent of their profits and 30 per cent of their sales in the fourth quarter. For the first time since 1980, analysts are talking about flat or falling fourth quarter sales.

The sector is still shaking from last Christmas, when many stores went into the season with large inventories only to be hit by slower sales in a weakening economy. Furthermore, last year was noteworthy for its promotional activity, when Campeau's ailing Federated and Allied department stores, including such big names as Bloomingdale's, slashed prices to attract cus-tomers and keep out of the bankruptcy courts. This trig-gered an industry-wide discounting spree which helped lift sales but ate into profits

and margins. The discounts did not increase sales sufficiently to save the debt-laden Campeau stores from filing for bankruptcy protection, and they were quickly followed by Bon-wit Teller, B. Altman and Ames Department Stores

These failures signaled the beginning of period of retrenchment. According to Dun and Bradstreet, one of the world's leading credit rating firms, retail business failures for the first nine months of 1990 rose 12.5 per cent to 9,372 from 8,329. "We will continue to see contraction and consolidation in retailing, particularly on the department store front," said Ms Stacy Dutton, a retail industry analyst for Morgan

However, the ghost of Christ-mas past has added a note of caution to the industry which may help retailers protect their profits this Christmas. Ms Dutton expects Christmas sales to be essentially flat, "but most stores don't have as much inventory to get rid of." How-ever, while there seems to be less discounting than there was a year ago, "on a historical basis the level of markdowns is With hindsight, it is easy to

see that many of the problems which have plagued the indus-try in the past year and which triggered the chain of retailing bankruptcies stemmed from the bullishness of the 1980s, which left many US retailers highly-leveraged, over-expanded and complacent about a public which had the means and the appetite to spend.

ه کا منالامک

gloomy Xmas

More retailing bankruptcles are expected in the next year. For example, R. H. Macy, which was taken private in a \$3.6hn management-led lever-aged-buy-out in 1986, is considbecause of its large debt and exposure to weak markets in the north-east, But the company's investors, who recently injected about \$150m of new equity in the company, seem determined to prevent Macy's

from failing.
Some retailers are thriving as the economy softens and consumer spending faiters. For example, The Gap, one of the most successful US specialty retailers, recently turned in a 39 per cent gain in third quar-ter net income on sales which advanced 24 per cent. The Gap's strength is attributed to its attractive prices and tight control of inventories.

The Gap is benefiting from the increasing popularity of specialty stores. "There is a long-term trend away from department stores in favour of the specialty groups and in a recession these longer-term trends become exaggerated,"

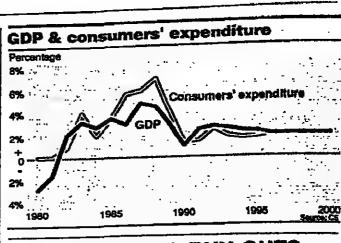
Furthermore, a recession may allow the leading retailers to improve their relative posi-tions as their weaker competitors lose ground. In the toy sector, Toys R Us, which recently opened a large store in Manhattan, is expected to emerge in better shape than ever.

Among the discount stores, Wal-Mart is respected for its management and should weather the recession particu-larly well. While Dillard Department Stores and May Department Stores are expec-ted to fare well.

The picture for most department stores is one of deepening gloom. Shoppers with less time and less money are turning to the specialty stores instead of browsing through the different floors of the department stores. In addition, a number of department stores have been hurt by declining consumer spending on big ticket dura-bles. Sears, for example, has a big exposure to consumer durables such as washing machines and these are particularly vul-

One area of growth is the warehouse clubs sector, where customers pay an annual memrship fee in exchange for being offered a range of high-quality goods at very low prices. Although the gross margins are lower for most warehouse chib discount businesses than for traditional retail operations, the potential for growth is attractive.

Meanwhile some retailers are taking advantage of the soft real estate market to expand ahead of the anticipated economic revival. Barneys New York recently said it would open a large speciality clothing store in 1992.



LEVERAGED BUY-OUTS

Recent failures deter backers

have seen as many leveraged buy-outs in the late 1980s fashion for that type of takeover as the retail sector. Backers were only too happy to lend money to names they knew from the high streets, and were sure they would receive interest on their loans and a good return

on any equity they put up.

Yet many of these buy-outs

which involve high levels of debt secured on the company's assets — have gone horribly wrong, not only in the UK but also the US, as retailing itself has come under pressure. Now bankers are cautious about the

whole retail sector. The theory the bankers were working on originally was that retailing was an ideal type of business for a leveraged buy-out. Businesses were sup-posed to be stable, cashflow was strong - customers came through the doors and banded over money every day.

It was easy for buy-out teams to make presentations to bankers showing a continuation of the sales trands seen in the 1985-88 period, when business was booming, and finding backing on that basis. Further if by chance the

business did not prosper, there was always the backstop of assets – all those shops which rival retailers were falling over each other to buy. So what went wrong? As any

retailer can now explain, oper-ational gearing in the industry is high. Fixed costs form a large proportion of total costs, so small changes in the volume of sales have a big effect on

Many of the big buy-outs started with another large drawback - the buyers had paid too much for them in the This was particularly true of public company takeovers. And as the retail bubble burst, retail property lost its allure. Lowndes Queensway, the

furniture and carpet retailer, is a telling example of what can go wrong. The consortium which Mr James Gulliver put together to buy the then Harris Gueensway were nervisated in Queensway were persuaded to pay £450m for the business, even though some analysts said at the time that the price

was too high.

Sir Philip Harris, Harris
Queensway's chairman, and
his shareholders, were only too
happy with the price but the
deal was struck just as UK
interest rates were beginning
to rise in the summer of 1998 to rise in the summer of 1988. A rise in interest rates had a

double effect on Lowndes Queensway. Not only did it put up the cost of the debt which the group took on to buy the company, but it also dampened emand for the products in the shop's. The volume of sales of furniture and carpets had been rising strongly, but suddenly that trend reversed. That meant that the group's cash-flow weakened, making paying high interest charges ever

more difficult.
Further, Lowndes Queen-sway had expected to sell some peripheral businesses to bring down the debt - a common move in leveraged buy-outs. But as the market for retail businesses weakened, it became more difficult to sell at a good price.

Although perhaps the worst example, it was not the only one of an interest rate sensi-tive retailer finding a large debt burden too onerous.

MFI Furniture, the kitchen

und bedroom furniture manufacturer and retailer, was more fortunate in its timing and its pricing, effecting its buy-out from Asda-MFI in 1987.

ance its debts and raise some new equity in the summer of last year, it has since managed to keep its head above water. Magnet, another retailer exposed to the dull housing market, was less lucky in its timing. It was a buy-out of a public company in summer 1989, shareholders demanded a high price for the business and within a few months it had to go back to its bankers for a

Although it needed to refin-

But Magnet's bankers made the mistake of not securing their loans to Magnet's holding company on the ass trading company itself. Now Magnet's banks are having to allow interest and capital repayments to roll up in the debt, while the trading company is apparently making a pre-interest profit.

Stories like these are echoed by the experience of some of

As the retail bubble burst, retail property lost its allure

the large US retail groups which have also been the sub-ject of leveraged buy-outs, such

tores and R.H. Macy. However, there are some success stories too. Aliders, which runs department stores and duty-free shops, has been protected to some extent from the slowdown in UK consumer

spending by its duty-free shops around the world. There is also a big distinc-tion to be made between nonfood and food retail buy-outs. The latter category of retailer ness and can therefore be more sanguine about taking on large

Mr David Smith, chief executive of Isosceles, the company which took over Gateway in a 22.1bn leveraged buy-in last year, reckons that to the extent that an LBO depends on future cashflow and stability of cashflow it would be hard to retailing. It has all the right characteristics."

With millions of customers coming through Gateway's doors each week it would take a huge shift in consumer's buying patterns to have a dramatic effect on sales. People have to eat even in recessions, and being domestic based means Gateway avoids adverse international events.

Isosceles has not been without its difficulties however, as it has been unable to sell its US retail business Herman's Sporting Goods in the difficult climate for disposals. This has led to a need to rebalance its finances bringing in more Even so, Mr Smith says: "I

think debt is a good thing, but you can have to much of it."
He says having debt is a good discipline on a company, and discussing plans and problems with bankers focuses managers' minds too.

Safeway, the US food retail group taken private through a \$4.2bn leveraged buy-out in 1986 by Kohlberg Kravis Roberts the places of Roberts.

erts, the pioneer of LBOs, returned to the stock market earlier this year with a public share offering. It sold assets, including its UK chain, and cut costs, including wages, to pay off its massive debt. Safeway was only one of string of LBOs of US supermarket chains which seem to be prospering.

Maggle Urry

8 Oct 90

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Enthusiasm grows

of Britain's high street retailers seems to have stopped short of depressing their enthusiasm for electronic point of sales systems (Epos), computerised cash registers which record the the kinds of items sold as well as the price.

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Stores like these are the

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According to surveys by the Retail Management Develop-ment Programme (RMDP), an independent retail consul-tancy, the UK not only leads Europe's league table for Epos installations but also shows

Some 20 per cent of all retail outlets are now fitted with Epos equipment, up from 15 per cent a year ago, a growth rate of about 40 per cent a

There is sound logic in con-tinuing to invest in Epos even when business is poor, according to the experts. Mr Reg Mackness, sector marketing manager for International computers(iCL) now owned by Fujitsu of Japan, makes a similar point: "The time to make investments in Epos equipment is when the going gets tough. If you look at how retailers are faring in the present difficult conditions it is ent difficult conditions, it is clear that those that have integrated their plans for investment in Epos with their busi-ness plans are in better shape

to weather the storm."

The value of Epos lies in its especity to record all transactions at the point of sale and make the records available for enalysis in a variety of ways. Retailers using Epos know quickly what lines are selling well and in which parts of the country and are able to arrange their inventories

Effective Epos gets rid of inconvenient and expensive manual stocktaking and is an important contributor to calculations of "direct product profitability" an advanced retailing technique which seeks to calculate the contribution made each item to a store's overall performance and so enable manager to maximise a

store's performance.
For a large store, an Epos system typically comprises a minicomputer linked to a number of Epos terminals. Increasingly, vendors are taking a modular approach to system construction based around personal computer technology.

Effective Epos gets rid of inconvenient and expensive manual stocktaking

Epos is quite different, how-ever, to Eftpos or electronic funds transfer at the point of sale which involves an elec-tronic system to send pay-ments messages between a cus-tomer's bank and the retailer's. Examples of Eftpos include PDQ and Switch.

For convenience and efficiency, many retailers would like to see Epos and Eftpos systems combined in one coun-tertop unit. In the longer term, retailers would like to see a seamless electronic chain between their suppliers and their customers providing for orders and for payment.

For the larger retailers such Sainsbury, Tesco, Marks and Spencer or Kingfisher, Epos in its basic form has ceased to be a source of com-petitive advantage. It is, as Mr Mackness puts it, "simply the ticket to play the game".

The market seems to be

dividing into two sectors: the replacement market for big rators who do not have to be convinced of the value of Epos but are looking for extra efficiencies and features, and

the market catering to small chains and independents. This difficult to open up, especially when cash is in short supply.

Racal Transcom, part of the Racal organisation, has one answer. It has developed a device now being marketed by Barclays Bank which combines Epos technology, bank card verification and a bureau ser-vice to process the Epos data

The real advantage to higger companies is the way they can analyse and use information the system provides.

Large food retailers, for example, are increasingly using scanners to feed sales information into their systems which automatically generate electronic orders to replenish stocks. Software programs analysing a store's sales activity through the day make possible accurate sales forecasts. Stock-ing up for Christmas and other nal events becomes less

According to RMDP, in the UK, ICL and IBM are battling it out for market leadership among the large Epos users with NCR in third spot followed closely by Nixdorf, now part of Siemens of Germany. In the service retail sector which favours smaller compa-nies prepared to explore niche markets, Sharp of Japan leads, followed by ICL, Anker and

Since its acquisition of Data-checker in the US a couple of years ago, ICL has performed strongly as an Epos supplier. Last month it beat off competition from IBM and NCR to win a contract valued at \$5.7m to supply the US Army and Air Force Exchange Service (the US equivalent of the UK Nazī) with point of sale equipment and electronic cash registers.

Retailers slow to adapt to population changes

Shoppers begin to age

there will be far fawer young people and many more older

bation and the post-war baby bonners, will be well and truly grown up.
Such demographic changes in the UK are long established.
Yet many marketers have been surprisingly slow to embrace the implications of these trends, let alone consider the other ways in which people's

lifestyles change. Mr Richard Hyman, director Mr Richard Hyman, director of the Verdict retail research company, believes, for example, that "massive opportunities exist to target segments of the population virtually ignored by retailers".

Market researcher Euromonitor also suggests that the demographic changes in Britain "represent considerable trading benefits for the successful retail impositor".

cessful retail imnovator...
Yet the experience of the pest decade shows that simply being aware of demographic changes is not enough: niche retailers such as Sock Shop, for retailers may have correctly example, may have correctly identified market trends but came unstuck by lack of man-

agement control others, moreover, may have failed to develop retail trends because they are unfashionable. Too many people have a myopic view of targeting and segmentation, says Mr

Hyman.

Kwik Save is a case in point.

It has a clear retail focus on convenience (it is the only national multiple supermarket chain committed to the high treat) and chearness (through street) and cheapness (through a narrow range enabling bulk buying and large discounts). its shops give a clear, unambiguous and entirely functional

unappealing to the middle class eyes of analysts and jour-However, as a retail offer it focuses on the needs of a seg-ment of the shopping public and fills a widening gap as its rivals move more into off-cen-

tre superstores."

At the heart of all retail thinking about trends in the 1990s are the significant shifts in the structure of the UK population. These fall into three

main categories:

Youth markst the generation up to the mid-1980s saw a steady rise in the number of young people in the popula-tion, a factor which shaped the tion, a factor which shaped the retail strategies of many leading retail chains. But the period between the mid-1980s and mid-1990s will represent a sharp drop in the numbers of the 15 to 24 year olds — from 8.4m in 1985 to 6.4m in 1996 — before a rising birth-rate magne that their numbers will

ms that their numbers will means that their numbers will start increasing again.

• Baby Boomers: the 25 to 44 age group is set to rise by about 16 per cent in numbers by the mid-1990s, which will be followed by a sharp slump as the effect of the "baby boom"

of the 1960s wears off. or the 1960s wears out.

• 'Grey' power: the mature consumer falls into several categories, all of which are increasing in numbers and often in prosperity. The 45 to 54 year olds, for example, are retartible the most limitation. potentially the most lucrative for retailers, yet often least tar-geted. They are usually in employment, have small mortgages and are beginning to enjoy the benefits of inherited

The 55 to 64 year-olds are similarly well-placed, although early retirement means they will increasingly have more

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ince the appearance of its first retail title in the 1950s. The Economist Intelligence Unit has built up a solid collection of regular publications to aid the analysis and forecasting

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pursuit rather than a neces-sity. The over 65s are least sector, yet increasing numbers makes them a target worth reaching.

But population changes are not the only factor affecting retail demographics in the 1990s. The break-up of the tra-ditional family unit is a trend that is set to continue more single households means that some shoppers will increasingly want convenience shop-ping rather than large out of town superstores.

Yet consumers are also increasingly mobile: the growth of car ownership in the 1990s will continue, making shoppers even more willing to travel to shop.

The greater availability of Isisure time in the 1990s will increasingly blur the edges between shopping and leisure.

Overriding all these trends, however, is the growing awareness by consumers that they are, in fact, king in the retail world. The present recession has only served to emphasise that consumer choice is one of the key trends of recent years.

Tel some retailers still bave to fully appreciate this trend. "Changing demography has

"Changing demography has offered significant opportunities for strategic differentiation among retailers in the 1980s," says Mr Hyman.

"Many have taken these opportunities but most have paid only lip service to targeting and segmentation. We are home exteriors a new period of now entering a new period of retail development when the retail trade will have to look for market gaps and ways to reach the shopping public more effectively."

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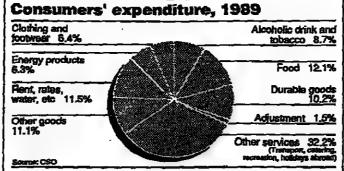
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David Churchill

RETAILING 3



SUNDAY TRADING

Battle takes on **EC** dimensions

Europe, retailers would take out prosecutions for loss of Sunday business caused by

But now prosecutions are once again gathering pace although the cases of two French retailers and one Bel-gian company have been just

een referred to the European

The issue has been further complicated by the Germans, who along with the Danes,

have the most restrictive laws on Sunday trading in the EC. An EC directive proposed by Germany as part of the contro-versial Social Charter says

there must be a day off per week throughout the EC.

Social Charter. Others say it is

up to Parliament to change the

UK law first. Until then, places such as Albert Docks will continue to

be able to register as tourist resorts – a way of legally trad-ing on 18 Sundays a year – and more loopholes will be

All this will be at great pub-

lic expense with the courts, traders, local authorities and

the general public continuing to go round in circles.

plan to make this an issue.

their convictions.

dilemma has been a bitter embarrassment for a govern-ment committed to law and attempt to reform the 1950 Shops Act four-and-a-half years ago, and this dilemma is likely to increase as the single mar-

Why has reform of a law that prohibits the sale of the bible on Sundays – but not pornog-raphy – been so elusive? The bloodbath following the government's defeat in 1986

stirred up the troops of all sides in unabated warfare. The by its defeat that it placed the sall in the retailers' courts.

The then home office secre-tary Douglas Hurd and junior minister Timothy Renton made it clear the government would not tolerate such humiliation again and left it for the industry to come up with its own compromise that would gain the majority's support.
But the failure of interested factions to thrash out an

acceptable solution has made change impossible. On the one side is the Keep Sunday Special Campaign

which has the support of 17 Trade Associations and 116 large retail companie It was KSS backed by a powerful mixture of the Church.

the Co-op and the shopworkers union, USDAW, that mobilised so much parliamentary sup-port against the government in

KSS, which is opposed to the partial or total deregulation of Sunday trading refuses to budge from its own REST pro-posals which would allow a sold in the areas of recreation, emergencies, social gatherings and travel.

It proposes to allow grocery stores of 500 sq ft or less which sell at least 80 per cent food to open for the sale of all

At the other extreme is the Shopping Hours Reform Council, supported by the big supermarket chains and B&Q, led by chairman Sir Basil Feldman

and Roger Boaden, former head of local government at Tory party central office.

The SHRC originally sought total deregulation but in a cynical attempt to woo more support and for the limited traditor. port opted for limited trading - six hours on a Sunday - for hig chains and all day opening

for small shops. In the middle comes OPEN (Outlets Providing For Every Day Needs) - formerly the Community Shops Group – which advocates Sunday trad-ing for community stores of

3,000 sq fi or less.
The independent retailers the small grocers, convenience stores and specialist shops -who say they make their money when the big chains are shut, fear new competition on Sundays will destroy their

With 1992 just around the corner the plot has thickened

Trying to bring OPEN and KSS together is a campaign led by the trade journal, independent Grocer, which wants community shops to be allowed unrestricted opening both on Sundays and in the evenings during the week with a total ban on large supermarkets at

It has consistently tried to persuade OPEN and KSS to reach a compromise on the size of store permitted to open but both are too nervous to take

the first step.
Independent Grocer editor and campaign leader Mr Jim Muttram believes that if these two groups can strike up a deal it will be enough to swing a majority for reform in Parlia-

But with 1992 just around the corner the plot has thick-ened, Last November a judgement was made by the European Court to refer a case involving B&Q back to the British courts on the pretext UK Sunday trading regulations were not a barrier to trade between nations and therefore not in conflict with the Treaty

This will now be laft to be heard by the House of Lords which could feasibly refer it back to Europe.

Most local authorities did not prosecute law breakers for fear that if B&Q succeeded in

Landlords of retail property face leaner times

The party is over

THE VERDANT years for retail property now seem far away. late 1980s that retailers were still enjoying celebrity status and the sector seemed to have no growth limit.

The great demand for high street outlets saw rentals rocketing and many new shopping centres proposed.

Since then, high interest rates have slowed sales and pushed up interest on borrow-ings. This, combined with increasing higher fixed rental levels and a new rating system, nakes a bitter pill for retailers to swallow. On high streets, prime prem

ises remain in demand although trends point towards more independent retailers moving to the sort of locations previously only occupied by larger chains.

This must be good news for consumers tired of the same shops in every high street, but not for landlords who, concerned about holding empty premises, have to start dealing with smaller tenants.

While average rental growth has actually been in decline for the last two years, shrinking from 30 per cent in 1987/88 to below 10 per cent today, yields are rising commensurately. The annual rise at August this year was recorded at 1.3 per cent, with average shop yields

The Germans have asked that it should be Sunday and of 7.3 per cent.

Decline in capital value of shop property provides rich pickings for long term inves-tors, but slows the pulses of current owners of such stock. Germany, along with Den-mark and Holland, is more restrictive than the UK but Spain, Portugal, Italy, Luxem-bourg, Greece and France are investors and developers who bought sites for large shopping achemes at the top of the mar-The Sunday trading battle is likely to continue for a long ket need to recoup their inves ments through the most obvi-ous means - realistic rantal levels based on current (at time. Some say a solution will be found with the advent of the

time of purchase) trends.
But with rental growth slow-ing and, in London and the south-east, showing signs of actual decline, developers and investors can do little but go for 100 per cent letting and sit through the lean period of allowances and incentives.

Although a few shopping centres have been the subject of particularly adverse comit, with tenants threatening to withhold payment of rent and service charges until all units are occupied, most appear to have filled at least the majority of the available space. But at what cost? Independent retailers, agair are being offered incentives to open up in new shopping cen-tres. Packages include free shopfitting, reverse premiums, rent-free periods, stepped rents

and turnover rents. Anchor tenants such as Marks & Spencer, Sainsbury, Debenhams. House of Frase and the mainstay of shopping centres and high streets -British Shoe Corporation, Bur

Sellers are being encouraged to open up in new shopping centres

ton. Next and Etam - have all experienced closures or restructuring during the past 18 months and are wary of committing themselves to a new and untried shopping cen-

Retailers turned property developers, most notably Bur-ton, have found that what appeared to be an obvious marriage - property development and retail - is now more of a double edged aword as Burton's poor end-of-year figures and subsequent boardroom

activity show.
Some shopping centres have been shelved, such Grosvenor Square's Nottingham scheme. Others, like Tobacco Dock, have called in the receivers, while centres such as Shires Centre, Trowbridge and Putney Exchange have opened their premises with 50 per cent, and s, trading.

The new regional shopping malls, opening this year — Meadowhall, Al Gallerias,

Thurrock Lakeside report a high rate of pre-lettings. But none is 100 per cent let - a situation that would have been considered extraor-

dinary five years ago.

Although the level of retail enquiries has reportedly been enthusiastic since the centre started trading, there are still plenty of units available.

While new shopping centres are proving difficult to fill.

older ones are facing the prob lem of how to fund their refur-Refurbished centres should

lead to higher rental levels again, but not for a while. Older centre refurbishment is likely to become big business from the mid-nineties on in order to sustain interest by

Retail parks have lost much of their appeal for investors, and development proposed and under construction is significantly lower than last year. However, with rental growt

drastically decreased over the past year, those retailers that are prepared to move into existing out of town units are in a position to pick sites. But with out-of-town developers suffering the effects of high interest rates, supply may well be overtaken by demand, for-cing rental levels up again. The latest Hillier Parker fig-

ures indicate that in spite of current trends, the square foot age planned exceeds last year's age planted exteens last year's figures by some 17 per cent. As with all investment, retail property is cyclical. With the prospect of lower interest rates in the next year or two, long term investors should be work ing now to piece together high

Niid Adamsor

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A probe

GE Capital

RETAILER FINANCIAL SERVICES

GE Capital is the leader in the third party retail card market in both the United States and the United Kingdom. We operate in excess of 30 million store cards. Our assets exceed \$90 billion. Among our blue chip clients in the US are Montgomery Ward, Fortunoff, Levitz Furniture, Lowe's, Hess Department Stores and Apple Computer.

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In confidence, please contact: Roger Hymas, Executive Director, GE Capital Retailer Financial Services, 32 Haymarket, London SW1Y4TP. Telephone: 071-925 0777.



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SURVEYS

Service M.

COMMODITIES AND AGRICULTURE

Gold market in confusion after hostages offer

CONFUSION IN the world gold market about Saddam Hus-sein's offer to release the hostages in Iraq was reflected at the afternoon price fixing ses-sion in London yesterday. The "fix" went on for an hour and 20 minutes, nervously looking for direction even though the volume of precious metal on

offer was not great.

Gold dropped to US\$366 a troy ounce early in the day as prospects for peace in the Middle East seemed to be improving, but the conflicting pressures at the "fix" kept the price within a narrow range above that level. At the close in London the price was \$370.75 an ounce, down \$3 on the day. Almost all the activity at the "fix" originated in the Middle East but traders said it was not another raid on the market by the syndicate working through the National Commercial Bank

of Jeddah.
Analysts agreed that yesterday's events seemed to indicate that the gold price had fallen about as far as it was likely to go. There was no sign that investors were liquidating their holdings of the precious metal and most of the selling was by people who did not own

the gold but expected to be able to buy it back later at a lower price to fulfil their con-

"I'm not a bull of gold but I'm not bearish either," said Ms Rhona O'Connell, precious metals analyst at Shearson Lehman Brothers. "There are almost no weak holders (of gold) left in the Middle East who would sell if peace breaks who would sell if peace breaks out. But if there is a war, the professionals will move back into gold only if the US dollar weakens and equities go all over the place," she suggested. Mr Andy Smith, analyst at UBS Phillips & Drew, said: "Gold doesn't seem to want to go much lower. The floor seems to be in the mid-350s. The physical market is extremely tight and there is a reluctance (among market players) to go short. Seasonal demand is quite high and producers are unwilling to sell at ducers are unwilling to sell at these levels. "The problem is that there is also a cap to the upside," added Mr Smith. The gold price had fallen \$15 an ounce in the past five days and this would usually have pro-duced a substantial technical upward bounce, but this had not happened, he pointed out.

Limits proposed for New York oil prices

By Barbara Durr in Chicago

THE BOARD of directors of the New York Mercantile Exchange, the US energy futures market, approved late on Wednesday a proposal for set of circuit breakers aimed at cooling panic buying in the event of a war in the Gulf. Futures price movement limits and options strike price rules have been set to restrict dramatic price swings. The exchange said it hoped the Commodity Futures Trading Commission, the futures indus-try regulator, would approve plan by December 12.

Nymex devised the plan

after consultations with the CFTC and the US Energy Department, and commission officials said they expected the plan to be given a green light. For crude oil, one-day price changes would be limited to \$15 a barrel. If the price moved \$7.50 a barrel on the first two contract months, a one hour trading halt for all contract would be imposed. When trading resumed a further \$7.50 movement would be permissible, but subsequent trades could only be made at or

within that limit. If the market reversed after the first limit was reached and the price moved another 37.50 in the opposite direction, trading could again be halted for one hour and the further \$7.50 price limit would apply for the rest of the session.

Had the proposed rules been in effect since the Gulf crisis

began, they would not have been triggered. The largest one day swing in prices was \$5.41 per barrel on October 22. Mr Robert Davis, Nymex's senior vice president, said the new rules were "designed for a one hundred year flood." in the case of heating oil, propane and unleaded gasoline, one-day price movements would be limited for the first

cents a gallon.
The Commodity Exchange metals market, is considering a similar plan given that gold futures could also experience heightened volatility if a Gulf

Drought pushes S African farmers nearer the brink

Whether it rains or not many will remain in a precarious financial position, writes Patti Waldmier

OUTH AFRICA'S farmers, burdened by debt and fearful for their future after the end of apartheid, are facing the prospect of a severe drought unless good rains begin in the next fortnight. "It's a knife-edge situation,"

says Mr Peter Cownie, Deputy General Manager of the Maize Board, the marketing authority yet, but the situation is very very tight. If we don't have reasonable rains in the next two weeks, we will have to import

For the past month, South African newspapers have published almost dally pictures of distressed farmers sifting the dust of parched fields between their fingers, scanning the horizon for rain clouds. In some areas, farmers say they are experiencing the worst drought in 60 years.

Throughout the country, maize plantings are sharply down. Maize Board figures to the end of last week show that only 744,000 hectares have been planted with maize so far this ason, compared with almost 2m ha at the same time last plea to farmers to plant white

maize, the staple food of black South Africans, as only 168,000 ha of white maize had so far been planted against 856,000 ha last year at this time.

last year at this time.

The optimum planting time in eastern areas of the country, where 20 to 25 per cent of the maize crop is normally grown, has passed, with 85 per cent of last year's area planted. But in western areas — where nearly half the crop is grown, and only 49,000 ha have been planted, compared with 843,000 planted, compared with 843,000 ha last year at this time. planting can continue to the middle of this month. Unless good rains begin by then, South Africa could face a serious shortage of maize, plac-ing farmers - and the economy - under serious strain. Increased farm insolvencies would threaten a collapse in land prices, and economic growth and the balance of pay-

Already, importing wheat is inevitable. With roughly balf the wheat crop harvested, Mr Ivan Hemingway, general man-ager of the Wheat Board, pre-dicts that South Africa will read to invest at least 400 000.

need to import at least 400,000

Autumn lambing brings bigger

ments would suffer if large scale maize imports become

South African Formers' Debt Burden Debt as a 1981

tonnes of wheat, at a cost of R160m (£32m). He believes the wheat crop could be as low as 1.7m tonnes, down from an original estimate of 3m tonnes. Depending on the final crop, imports could total 700,000 torons and could total 700,000 torons. tonnes and cost as much as

Maize imports are still in the balance, however. Mr Kit Le Clus, chief economist at the National Maize Producers' Organisation (Nampo), the producers' lobby, says the crop could turn out to be anything though 6m to 8m tonnes seems

strain and lose the benefit of autumn births.
The Dorset was originally "realistic" at the moment. With domestic consumption at 7m tonnes, a 6m tonne crop would mean im tonnes of imports, at a cost of about R400m. This compares with maize exports worth R1.4bn in

maize exports worth Rl.4bn in the 1989-90 crop year, when the crop totalled 11.5m tonnes.

"We have been getting some rain in the past few days, and it looks like the crop will get planted, although it will be late," says Mr Le Clus. Mr Koos du Toit, chief economist of the South African Agricultural Union, the farmers' overtural Union, the farmers' overall lobby, says a "normal" crop

of 7m tonnes is still possible. "If the rains are reasonable for the next three summer months, we could still produce a lot of maize."
"But if the rains are not good

then, a large percentage of farmers will be in serious diffi-culties," he adds. Mr du Toit explains: "South African agriculture was in a strong recovery phase and farmers were optimistic that they could repay their accumulated debts, until this year's

Mr Le Clus of Nampo esti-mates that 25 per cent of grain farmers in South Africa's sum-mer rainfall areas could fail in the next two years, with some 2,000 to 2,400 leaving agriculture altogether. Says Mr Hemingway of the Wheat Board, "many farmers are in a situa-tion where it's no longer viable to keep them on the farms, and the answer does not lie in giv-

ing them more loans."

Since 1983, the first of a number of dry years, Government has provided substantial assistance to the farming sector in the form of debt guaran-tees, interest rate subsidies and direct credits; recently Pre-toria announced a further

R526m six-year rescue programme. But with the Government facing increased demands for social spending on black housing and education, further

nousing and education, furtuel large-scale help for farmers seems out of the question.

Maize farmers say their most serious problem has been the deterioration in their terms of trade in recent years — the relation between producer prices and the cost of inputs. In 1984–85 for example, a farmer needed to sell 191 tonnes of maize to purchase a tractor; but by 1989-90 this had

risen to 347 tonnes. Interest rates are high - the prime rate is at 21 per cant, with many farmers paying up to 25 per cent for credit—while total agricultural debt has risen from R3.8bn in 1980 to R14.7bn in 1989, according to Agricultural Union estimates.

Farmers' confidence is low, given the prospect that a postapartheid government will seek to redistribute farm land seek to redistribute farm land more equitably. Given all these factors, and after several drought years (1989, a bumper year, was a notable exception) -South African farmers are ill-prepared for another dry sea-

profits for New Zealand farmers NEW ZEALAND's trees do not

lose their leaves in winter, so one of the few obvious signs of spring are the thousands of newborn lambs in the fields. Now, however, especially in the northern part of the coun-try lambs are being born in the autumn. This is the result of 15 years of scientific research aimed at extending the lambing season over a longer period and making better use of farmers' resources.

In the hotter climate of the north grass grows better in the autumn than it does in spring. The north also has a much milder winter, free of the snow and gales that sheep farmers have to contend with further The development of autumn

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686 847

658

lambing seemed an obvious move to increase the number of lambs a farm could support. But how it was to be achieved was less obvious. Most sheap have a very definite breeding season linked to the spring and the majority of breeds reared by New Zealand farmers can two contract months to 40 cents a gallon. A two tiered system would apply as in crude oil, with the first limit at 20 only mate successfully between February and the autumn, giving birth in the spring or early summer. In 1977 an agricultural scien-

Romney ewes to try to convert them from spring to autumn lambing. Each season research-ers kept the ewes and lambs

carded the rest of the flock. By 1982 the second generation of early born rams were entering the breeding system. Almost immediately there was a noticeable change in lambing dates with lambs being born much earlier. By 1983 about 96 per cent of

the ewes were producing lambs in the autumn and in 1986 lambing suddenly started six weeks earlier than in previous years. The scientists still do not know why that happened. Most of the lambs from the test flock were born in the middle of April – the target period. Any earlier and the newborn lambs might be caught in the summer drought period; much later and they would miss the best of the autumn pasture

Autumn-born lambs provide several advantages for the farmer. They reach market at a time when prices are at their highest. They provide a contin-uous supply for exporters send-ing chilled meat overseas. Chil-led meat earns a better price than frozen meat in overseas markets but has a storage life of no more than 21 weeks. Relying on lambs born in spring meant that often exportket in November and Decem-

Extending the lambing sea-son also spreads the farmer's work load. When part of his

Close

Copper, Grade A (C per lonne)

WORLD COMMODITIES PRICES

en, 99.7% purity (\$ per tonne)

By David Blackwell flock produces autumn lambs the farmer is under less pres-sure than those with only THE PROSPECT of a global

recession is depressing the near-term prospects of the sugar market, according to the latest report from E.D. & F. Man, the London brokers. spring lambs. One problem with autumn lambs is that the Dorset breed is a relatively poor producer of wool, which naturally affects the farmer's income. The scien-But the prospect of a tight raw sugar balance is providing a firm floor for prices. Man is sticking to its forecast of a 1m tists are now trying to intro-duce genes from good wool-producing breeds such as Meritonne surplus this year.

Man says that the inability
of recent potentially builtsh nos into the autumn lambing flocks. They have to do this developments to lift the market out of a static range is foreing it to concentrate on the demand side of the overall equation. Typhoons in the Philippines, the decrease in US production estimates and the extremely carefully, however, so as not to dilute the Dorset

chosen for the experiment because it was less tied to the production estimates and the subsequent increase in the US strict breeding period.

In the south of New Zealand, where sheep farmers frequently have snow on the ground in winter, efforts are also being made to change the breeding retirer. This is being import quota have been The appearance of Mexico and the Soviet Union in the market recently only briefly

breeding pattern. This is being done by keeping ewes and rams well separated and then introducing rams into the flock six weeks before the start of lifted prices over 10 cents a lb. While Mexico's requirements are well known; The Soviet Union's "are a matter of conjecture. the normal breeding season. This approach has met with Both Man and Czarnikow, another London broker, agree that the supply problems within the Soviet Union are worsening. In this month's some success. However, possibly because of more extreme nlimatic factors, scientists have report Czarnikow says breeding patterns are more strongly developed and the far-tile period of ewes more deeply the latest news suggests Soviet sugar production for 1990 will be 8m tonnes of whites. This would imply a gross import requirement of 5.25m tonnes. ingrained than in northern lat-

> (Prices supplied by Amaigsmated Metal Trading) AM Official Kerb close Open Interes

India faces hard grind Recession fears depress to boost pepper sales sugar market By Kunai Bose in Calcutta

IN THE past decade India has made a breakthrough in black pepper production, its output having risen from 30,000 tonnes in 1980-81 to more than 80.000 toxnes in 1990-91, making it by far the biggest producer. But, although its share of the world pepper sales still exceeds 30 per cent, the inability of the country's product to compete on price and quality has condemned India to the position of supplier of last resort and excluded it from the

lucrative US market.
The productivity of India's pepper industry compares poorly with the Brazil's Malay-sia's and Indonesia's And as the cost of production of pep-per is relatively high in India, it cannot match the prices quoted by other suppliers. Moreover, while the other producers have brought about a significant improvement in the quality of pepper, the same cannot be said about the Indian spice, which falls far below the standards set by the American Spice Trade Associa-

years ago was a big importer of pepper from India, now gets most of its supplies from Indonesia and Brazil. Even the gest buyer of indian pepper has started reducing its orders. In spite of the recent setback in sales volume - export earnings have declined by about

The US, which until a fee

Rs800m (£22.5m) over the past three years - black pepper, growns mostly in the southern state of Kerala, continues to occupy pride of place in India's spice export basket. of the total spice export target of 100,000 tonnes for 1990-91

get of 100,000 tonnes for 1990-91 pepper accounts for 42,000 tonnes. The export targets for other spices include 25,000 tonnes of seed spices, 20,000 tonnes of turmeric, 8,000 tonnes of chilies, 7,500 tonne sof ginger and 4,000 tonnes of curry powder.

Whether or not the export target in terms either of quantity or value (Rs3bn) will be achieved will depend upon despatches during the peak period of January to March.

of January to March.
India hopes to achieve production of 95,000 tonnes of pepper by the final year of the 8th national plan (1994-95). But with domestic demand for pepper being 30,000 tonnes at the most it will somehow have to find outlets for increasingly bigger exports. Failing that, it will be impossible to maintain domestic peoper rices, say officials.

The authorities have finally

come tods the conclusion that export success will hinge on dispensing with the poor post barvest practices, which tell on the quality of r. and for mulating an effective marketing strategy. A decision has been taken to promote the export of pepper in value added.

MARKET REPORT

Copper prices edged shead on the LME, with cash metal developing a premium over three-month on increasing concern about tight supplies early next year, Comex copper was also ahead at midday as developments in the Middle East propelled stock markets and industrial metals. We're seeing some buying interest develop from the Far East," said one New York commission house trader. "The prospects for peace in the Mideast and today's hostage news had a positive impact on the more industrial-type markets including copper." London cocoa prices took their lead from New York

London Markets

| SPOT MARKETS | | |
|--|--|------------------------------|
| Crude oil (per barrel FOII) | | + or - |
| Outres Brent Blend (dated) Brent Blend (January) W.T.I. (1 pm est) | \$21.80-2.05v \$27.25-7.35 \$26.05-6.15 \$25.90-5.95v | -2.95 -2.70 |
| Oil products (NWE prompt delivery per b | prine CIF) | + 07 - |
| Premium Gasoline Gas Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates | \$250-5 \$278-80 \$136-8 \$249-53 | -30 -25 -7 -16 |
| Other | | + or - |
| Gold (per troy oz) 4 Silver (per troy oz) 4 Platimum (per troy oz) Palledium (per troy oz) | \$370 76 412.1c \$429.25 \$93.35 | -3 -3.1 -2.25 +0.25 |
| Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (Kuala Lumpur market) Tin (Kuala Lumpur market) Zinc (US Prime Western) | \$1545 116c 50c 380 15.10r 265c 70e | +45 +2 -0 26 |
| Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)† | 106.27p 143.95p 77.34p | -1.95° + 1.56° + 3.32° |
| London daily sugar (raw) London daily sugar (white) Tate and Lyle export price | \$254.0w \$307.5w £240.00 | +2.80 +2.7 +2.0 |
| Barley (English feed) Maize (US No. 3 yellow) Whest (US Dark Northern) | £122.50 £163.5 £810 | |
| Rubber (Jan)♥ Rubber (Feb)♥ Rubber (KL RSS No 1 Jan) | 50.75p | -0.25 -0.25 |
| Coconut oli (Philippines)§ Palm Oli (Malaysian)§ Copra (Philippines)§ Soyabeans (US) | \$342.5z \$342.5v Unquoted £141 | +7.5 +7.5 -4 |
| Cotton "A" index Wooltops (64s Super) | | -0.15 |

E a tonne unless othorwise stated, p-pence/kg. ANNUEL F-HISSING, G-NOV/Dec. 1-Feb. v-Jan. arket. SCIF Rotterdam

and the second contract of the second

in the afternoon and advanced in thin trading. The absence of iresh fundamental features has left the market directionless. traders said. However, the early rise in New York was inspired by speculation that prices may have found a bottom following recent weakness. New York arabica coffee futures were sharply higher at midday as uncertainty over a possible strike Colombian dockworkers and hot, dry weather in Brazil continued to underpln sentiment On the BFE freight futures closed

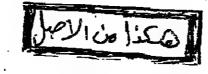
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| May | 216.60 | 221.50 | 221.80 216 00 | |
| Aug Oct | 219.60 219.60 | 224.80 224.20 | 223 40 219 00 223.80 219.40 | |
| Dec | 219.80 | 224,40 | 222.00 | |
| Mar | 227.00 | 227 00 | 223 60 222.00 | |
| May | 222.00 | | 223.60 223.60 | |
| White | Close | Previous | High/Low | _ |
| Mar | 301.0 | 304.2 | 304.0 300.0 | |
| May | 300 S 306.0 | 303.7 309.0 | 303.0 301 0 309.0 308.5 | |
| Qct | 267.3 | 290.5 | 290.4 287 8 | |
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| | | | 28.90 21.11 | |
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| Jan | 277.50 258.00 | 290.75 271.00 | 269.25 250.00 | |
| Jan Feb | 242.00 | 252.75 | 251.00 235.00 | |
| Mar | 222 00 | 236.50 | 232.00 218.00 215.00 208.00 | |
| Apr | 207 00 | 220.00 | 215.00 208.00 | |
| May | 201.00 195.00 | 213.00 | 215 00 201 00 199.00 195.00 | |
| Jul | 194.00 | 207.00 | 194 00 194,00 | |
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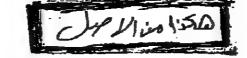
| May | 714 744 | 704 733 | 714 702 744 732 |
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| Turney | rer: 5151 (i Indicator (| 3773) lota orices (SO | of 19 tonnes Ps per tonne), Dali |
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| Turno | er 10272 (| 9373) lots | of 5 tonnes |
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| age 70 | 1.39 (70.10) | | |
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| | Close | Previous | |
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| May | 159.0 | 1-to et # | 158.0 |
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| | | | |
| BOYA | MEAL - I | M-PRO | Eriona |
| | Close | Previous | High/Low |
| Feb Apr | 120.00 120.50 | 1 19.50 121.50 | 120.00 120.50 |
| Jun | 121,50 | 122.00 | 121.50 121.00 |
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| Wheel | Close | Previous | |
| Jan | 120.80 | 120.70 | 120.90 120.85 124.10 123.90 |
| Mer May | 124.00 127.40 | 123.95 127.45 | 124.10 123.90 127.65 127.35 |
| Barley | | Previous | |
| Jan | 117.25 | 116.85 | |
| Mar | 120.50 | 120.05 | 117.25 117.10 120.50 120.25 721.20 121 10 |
| Mey | 121.20 | 121.20 | |
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| | | | ash Settlement) p/ly |
| PIGS - | - 276 | ĸ | |
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| PIQS - | Cicee | Regulates | High/Low 87.0 |
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| TOTAL DO | Cash 3 month | 328-30 336-7 | | 330-1 339-40 | | 32 |
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| _ | Mickel (1 | per tonné |) | | | |
| /tonne | Cash 3 months | 8275-3 B110-2 | 00 5 | 8150-7 8025-0 | 5 | 81 |
| | The (\$ pe | | | | | |
| | Qash 3 month | 5980-90 5780-90 | 9 | 6730-4 5790-6 | 0 | 36 |
| | | ectal High | | | | _ |
| | Cash 3 months | 1250-5 | | 1243-5 1233-4 | | 12 |
| | LIME Clo | eleg EAT pale | ele: | 2 years | | _ |
| nd) for syer- | | | | | | |
| TOTAL S | | | | | | |
| | Many | - London Close | POX Presi | Hig | b 1 | .ow |
| | freix | 159.00 | 155,80 158,80 | | | |
| | Indx Dec Jan | 159.00 160.00 159.00 | | 160.0 160.0 150.0 | 0 18 0 | 1.60 |
| | Feb Mar | 150.00 | 158.70 | 159.8 | G 151 | 1.20 1.70 1.20 |
| Aonne | 1- | 159.70 159.00 158.20 | 158.70 158.50 158.50 158.50 | 158.7 158.0 158.2 | 0 15 | .20 |
| 101110 | Dec | | | 159.2 | ŏ | |
| _ | (Prices | supplied & | y N.M. | ROCKET Rockets | alid) | |
| 9 | Gold (file | ne azi S pi | rice | 2 | equiv | elen |
| | Chase Opening | 370. | 50-371, 70-374, 20 00 80-374, 50-371, | 30 10 | | |
| | Opening Morning Afternoon Day's h | fix 373. | .80 00 | 1 | 93.659 90.965 | |
| | Day's h | igh 373. | 80-374 | 20 · | | |
| point | Loop La | in Mason G | iold La | odina R | | h U |
| | 1 month | 1 4 | 4.97 | 5 mon | | |
| | 2 month 3 month | | 4.95 4.93 | 12 mo | nths | |
| | Silver 1 | | 10 DE | | S che | equi |
| | Spot | 212 | 5 | 4 | 12.10 | Ė |
| _ | | s 226. | 45 D0 | - 4 | 19.96 27.85 4345 | |
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| | 8 month 12 mont | hs 23E | | | | |
| /tonne | 8 month 12 month TRADET | OFTION | 1 6 | alla. | | 244 |
| | 8 month 12 mont TRADER Algorithi | OFTICHE 100 (29.7% | } ¢ | alls Mar | Jan | Puts |
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| Ronne | 8 month 12 mont TRADER Algorina Strike p | OFTICHE 100 (29.7% |) C | Mar 150 | | 12 |
| _ | 8 month 12 month 12 month 12 month 14 month Strike p 1450 1550 1650 | OFTICHE 100 (29.7% | 122 43 8 | Maur 150 | 23 85 | 12 40 93 |
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| | 8 month 12 month 12 month 12 month 14 month Strike p 1450 1550 1650 | OFFICER uth (99.7% rice \$ tone | 122 43 8 | Mar 150 80 35 | 23 36 | 12 40 93 Pubs 56 |
| | 8 month 12 month 12 month TRADER Aluminia Striles p 1450 1550 1650 Copper 2400 | OFFICER uth (99.7% rice \$ tone | 122 43 8 0 144 70 25 | Mar 150 80 35 | 23 85 | 12 40 93 Pubs |
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| | 8 month 12 month 12 month TRADEZ Alumbrid String p 1450 1550 1650 Copper 2400 2500 Coffee | OFFICER uth (99.7% rice \$ tone | 122 43 8 144 70 25 Jan 66 53 | Mar 150 80 35 25 26 47 Mar 40 21 | 23 55 55 32 36 Jan | 12 40 93 93 56 10 16 |
| | 6 month 12 month 12 month 12 month 12 month 1450 1450 1550 1650 2500 2500 Cothe 650 700 | OFFICER uth (99.7% rice \$ tone |) C Just 122 43 8 C Just 70 25 Jan 86 33 13 | Mar 150 80 35 35 35 34 47 Mar 40 21 11 | 23 85 8 32 86 | 12 40 93 93 10 16 16 16 |
| j. | 6 month 12 month 12 month 12 month 12 month 12 month 12 month 13 month 14 month 16 m | OFFICER uth (99.7% rice \$ tone |) C Just 122 43 8 6 70 25 Jan 86 33 13 War | Mar 190 89 335 34 136 84 47 Mar 40 21 11 May | 2 23 85 85 32 86 Jan 7 24 54 | 93 93 56 10 16 16 10 16 |
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| j. | 6 month 12 month 12 month 13 month 14 month 1450 1450 1450 1450 1450 1450 1450 1450 | on (99,7%, rice 5 tone (Grade A) | 33 13 13 13 13 13 13 13 13 13 13 13 13 1 | Mar 150 80 35 35 35 36 47 Mar 40 21 11 May 40 21 11 | 2 23 85 32 86 Jan 7 24 54 Mer 7 24 54 | 122 403 93 93 95 95 95 95 95 95 95 95 95 95 95 95 95 |
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| QNR - L | onde | FOX | _ | | | —: | Ne | wY | ork | | |
|-----------------------|----------------|------------------|------------------|----------|--------------|-----------|--------|------------------|------------------|------------------|-----------------|
| _ | lose | Presi. | High | | Low | Vol | - | | | | |
| | 59.00 | 155.80 | 100.0 | | | | GOLD | 100 107 | OZ; Stroy | 艺. | |
| ec 1 | 90.00 99.00 | 156,80 | 150.00 | | 9.60 | 107 10 | | Close | Previous | High/Low | |
| eb 1 | 58.80 | 158.70 | 159.80 | 15 | 9.20 | 143 | Dec | 3717 | 374.2 | 373.Q | 368.0 |
| | 99.20 38.70 | 158,50 | 159.20 | 15 | 8.70 | 117 | مها | 372.3 | 374.9 | Ø | 0 |
| | S9.00 | 158.50 158.50 | 158.70 158.00 | 15 | 8.20 | 76 | Feb | 372.3 | 375.8 | 374.2 | 389.1 |
| ec 1 | 9.20 | | 159.20 | | | 10 | Apr | 376.2 379.4 | 376.8 381.9 | 377.1 380.0 | 372.5 376.0 |
| ONDON 1 | WLU | DN MAI | OKET. | | | | Aug | 382.5 | 385.0 | 383.0 | 380.5 |
| rices sup | | | | ld) | | | Oct | 385.7 | 355.1 | 0 . | 9 |
| old (fine o | | | | equiv | elect | | Dec | 388.9 | 391.3 | 390.0 | 288.0 |
| ose | | 50-371,0 | | | | | Feb | 392.2 | 394 5 | 0 | 0 |
| pening | | 70-374. | | | | | | | | | |
| oming fo | | | | 3.659 | | | DI ATT | M = 10 a | roy oz, Sitro | | |
| Remoon ! Sy's high | | .00 80-374.2 | | 0.965 | | | - CAL | | TOY OZ. SERI | | |
| Ty's low | | 50-371.0 | | | | | | Close | Previous | High/Low | |
| oos Lahn N | Seen G | old Les | dine R | - | V- 12 | 855 | Dec | 419.2 | 422.5 | 0 | 0 |
| month | | 4.57 | | <u></u> | | 4.91 | Augus | 421.9 | 425.2 | 427.0 | 421.2 |
| months | | 4.96 | 5 mont | | | 4.90 | Apr | 426.7 | 429 B | 423.7 | 426.1 |
| months | | نقق | (A) IIIA | | | 7.50 | Jul . | 430.5 434.2 | 433.6 | 433.0 | 451/8 |
| bror fix | n/fir | 10 DE | - 116 | cts | | | Oct | 439.2 | 437.5 442.3 | 0 | 0 |
| of | 212 | | | 2.10 | - | _ | | -002 | | • | • |
| months | 210 | | | 5.98 | | | | | | | |
| months | 226. | | | 7.85 | | | SHLYE | A 5,000 tr | by oz: cents | אָסעלי. | |
| Months MADED O | 238 | - | | 1345 | | _ | | Close | Previous | High/Low | |
| | | _ | | | | | Dec | 412.1 | 414,8 | 414.0 | 411.0 |
| المباطني | | | #ija | | Puts | | dec | 413.6 | 416.3 | 413.Q | 413.0 |
| riiou price | \$ tors | 100 Jent | Mar | Jan | Ma | W | Feb | 416.6 | 419.9 | 0 | 0 |
| 50 | | 122 | 150 | 2 | 12 | _ | Mac | 420.5 426.4 | 423.8 429.8 | 423.0 428.6 | 418.3 |
| 50 | | 43 | 80 | 23 | 40 | | -0.4 | 432.2 | 435.6 | 426.0 | 424.0 430.0 |
| 53 | | 8 | 35 | 35 | 93 | | Sep | 438.0 | 441.4 | 6 | 9 |
| pper (Gr | ede A) | - | Nile. | | Pubs | _ | Dec | 448.1 | 449 6 | 447.0 | 445.8 |
| 00 | | 144 | 138 | 8 | 55 | _ | Jen | 448.3 | 451.8 | 0 | 0 |
| 00 | | סל | 84 | ž2 | 100 | n: | Mer | 454.8 | 458.3 | 454.0 | 452.9 |
| 00 | | 25 | 47 | 86 | 16 | | | | | | |
| office | | Jan | Mar | Jan | Me | 7 | MGH (| BADE C | OPPER 25.0 | 00 lbs: cert | he Albert |
| 0 | | 66 | 40 | 7 | 33 | | - | | | | |
| o o | | 33 13 | 21 | 24 54 | 54 | | | Close | Prince | High/Low | |
| | | _ | 11 | | 104 | _ | Dec | 113.25 | 111.20 | 113.50 | 112.55 |
| C00 | | Mor | May | Mer | Ma | <u> </u> | Feb | 112.25 111.10 | 110.50 109.00 | 112,40 111 50 | 111.40 11600 |
| Q | | 96 | 40 | 7 | 33 | | Mar | 109.55 | 107 15 | 109.20 | 107.70 |
| 6 0 | | 35 | 21 | 24 | 84 | | Apr | 107 85 | 106.45 | 0 | 0 |
| <u> </u> | | 13 | 11 | 54 | 104 | | May | 106.45 | 105.55 | 106.96 | 106.15 |
| eat Crudi | • | Jan | Feb | Jan | Fel | _ | Bar. | 105.45 | 104.85 | 0 | 0 |
| 00 | | | 80 | | | | Jul | 104,35 | 163.95 | 105.20 | 104,50 |
| 50 | | | ~ | | | | Aug | 103.95 | 103.55 | 704.70 | 104.70 |
| 00 | | | | | | | 2 | 103.35 | 102.95 | 104.20 | 103.50 |
| | | | | | | | | | | | |

| | | • | | | | _ | | | | | | |
|--|---|--|--------------|---|--|--------------------------------|-----------------------------|--------------------|-------------------------|---|----------------------------|-------------------------|
| kmeigi | amated Me | stal Trading) | CRU | DE OIL (L | ght) 42,000 | US gelis i | 3/burrel | C | hicag | 20 | | |
| (ent) d | OSE SEC | en Interest | | Latest | Previous | High/Lo | 7W | _ | | | | |
| أول الما | אַלינווען על | 20,621 lotti | Jan | 25.00 | 27.26 | 28.74 | 25.25 | SOY | ADEANS 5 | ,000 bu mkn; | querite/60lib | bushel |
| | - | | Feb | 25.55 | 25.80 | 28.25 | 24.60 | | Close | Provious | High/Lo | w : |
| 000-3 | | 067 lots | - Apr | 24,80 24,86 | 26.14 26.39 | 25.40 24.70 | 24.00 23.50 | Jan | 687/2 | 502/4 | 500/6 | 591/ |
| 19 | האממות אָן | 21,853 lots | May | 23.60 | 24.89 | 24.10 | 23.25 | Mar | 612/2 | 806/8 | 614/6 | 806/ |
| | - | | Jun | 23.40 | 24,11 | 23.35 | 70 | May Jul | \$26/2 \$37/0 | 621/2 632/6 | 628/0 | 619/ |
| 302-3 | | ,207 iots | Juli Oct | 22,30 | 23.57 22.88 | \$3.00 \$2.80 | 22.00 · 21.80 | Ang | 639/6 | 634/6 | 639/6 | 633/ |
| otal di | NA MUIDA | r 3,519 lots | | | | | | Sep | 629/2 | 625/0 | 640/0 629/4 | 623/ |
| 57-4 | 1.9 | 16 lots | | · · | | | | Nev | 626/6 | 622/2 | 627/4 | 620/4 |
| | | r 1,746 lots | HEAT | THE OIL 4 | 2,000 US 9 | alia, cents | VUS galle · | _ SOY | ABEAN OF | L 60.000 lbs; | Cents/lb | |
| | ., | a ijr-o ton | | Latent | Previous | High/La | W | | Close | Previous | High/Lo | w |
| 120-80 | 11/ | 098 leta | Jan | 7810 | 8114 | 7970 | 7650 | Dec | 21.60 | 21.43 | 21.85 | 21.32 |
| atal da | By turnove | r 2,149 lots | Feb | 7490 7030 | 7991 7482 | 7625 7180 | 7391 6882 | Jan Mar | 21.69 | 21.62 | 21.99 | 21.50 |
| | | | May | 8400 | 6667 | 8450 | 6200 | May | 22.03 22.32 | 21.97 22.28 | · 22.39 22.54 | 21.87 |
| 770-80 | 9,8 | 84 lots | Jul | 6150 | 6372 | 6150 | 5980 | Jus | 22.52 | 22,45 | 22.70 | 22.20 22.44 |
| etal da | dly turnovi | er 4,841 lota | | | | | | Alig | 22.40 | 22.35 | 22.55 | 22.40 |
| | | | COCK | A 10 toon | ex;\$/bonne | | | - Sep Oct | \$2.50 \$2.40 | 22.40 22.30 | 22.50 22.45 | 22.46 |
| 207-0 | 20, | 106 lets | - | Close | Previous | High/Lot | w | _ | | AL 100 toris; | | 22.30 |
| | D me | nthe: 1,8725 | Dec | 1224 | 7197 | 1228 | 1196 | - 3077 | _ | | | |
| | | | Mar | 1263 | 1236 | 1270 | 1237 | | Close | Previous | High/Los | |
| | | | May | 1305 | 1277 | 1311 | 1250 | Dec Jam | 176.0 | 174.3 | 176.5 | 173.7 |
| | | | Sep | 1340 | 1308 1348 | 1345 | 1318 1867 | Mar | 102.7 | 178.6 181.6 | 163.9 | 175.8 180 S |
| | | | Dec | 1405 | 1378 | 0 | 0 | MARY | 185.8 | 184.7 | 107.0 | 184,1 |
| | | | Mer | 1439 | 1412 | 1417 | 1417 | Jul Aug | 188,3 | 187.5 188.2 | 169.3 | 187.0 |
| rk | | | | | | | | Sep | 107.5 | 187.2 | 190.3 188.5 | 188.0 |
| | | | COFF | EE "C" 37 | ,500lbs; ca | nts/ibs | | Det | 185.6 | 180.0 | 187.4 | 187.5 185.5 |
| Stroy | ŒZ. | | | Close | Previous | High/Lo | w | | | | | |
| evious | High/Lo | NT . | Dec | 90.00 | 88.00 | 90.10 . | 87.75 | MARE | E 5.000 bu | min; contar | 61b bushel | _ |
| 4.2 | 373.0 | 368.0 | Mar | 93.20 | 91.35 | 93.45 | 90.70 | | Close | Previous | High/Lov | w |
| 4.9 | O . | 0 | May Jul | 95.45 97.70 | 93.45 95.75 | 95.55 97.70 | 95.00 | Dec | 225/6 | 227/0 | 227/0 | |
| 5.B 6.R | 374.2 | 389.1 272.5 | Sep ' | 99.50 | 98.00 | 29.25 | 97.25 | Mar | 237/2 | 236/6 | 237/6 | 224/6 235/2 |
| 1.9 | 380.0 | 378.0 | Dec | 101.86 | 100.00 | 9 | Ö | May | 244/8 | 244/0 | 245/4 | 242/6 |
| 5.0 | 383.0 | 380.5 | Mer | 101.75 | 101.00 | Q | 0 | Sep | 251/0 250/6 | 250/0 250/4 | 251/6 | 248/6 |
| 1.3 | 290.0 | 288.0 | CITO | D WOOL D | "11" 112,0 | WO Illand and | | Dec | 250/6 | 250/0 | 252/6 252/0 | 250/0 249/2 |
| 4 5 | 0 | 0 | 90'90 | | | | | Mar | 257/4 | 256/6 | 258/4 | 256/6 |
| | | | - | Close | Previous | Nigh/Los | | WHE/ | T 5,000 b: | ı min; center | 60tb-bushe | ı |
| uz Sibr | DV OZ. | | . Mar May | 9.54 9.57 | 9.87 | 9.82 9.67 | 9.53 | | Close | Previous | High/Lov | |
| 8VIQUS | High/Los | | لنداد | 9.70 | 9.99 | 9.90 | 9.57 | Dec | 247/0 | 243/4 | 247/8 | 242/2 |
| 25 | 0 | 0 | . Oct Mar | 9.71 9.78 | 8.98 10.07 | 9,91 9,80 | 9.70 9.80 | Mer May | 262/4 270/4 | 250/6 | 263/4 | 259/0 |
| 5.2 | 427.0 | 421.2 | - | 4.10 | 10.03 | 4.00 | 8.00 | Jul . | 275/2 | 268/2 273/6 | 271/0 278/4 | 267 <i>1</i> 0 27214 |
| 96 | 423.7 | 426.1 | COTT | ON SO DOO | cents/lbs | | | - Sep | 281/0 | 279/4 | 281/6 | 278/6 |
| 3.6 7.5 | 433.Q D | 451/8 | | Close | Previous | LE-be - | | Dec | 292/4 | 291/0 | 292/6 | 289/4 |
| 13 | ŏ | ě | | | | High/Los | | | | | | |
| | | | Øec Mar | 76.30 73.77 | 76,20 73,65 | 75.30 73.86 | 76.10 | LIVE (| ATTLE 40 | .000 lbe; cer | te/lbs | |
| 7 044 | S/Dray toz. | | May | 73,40 | 73.38 | 73.40 | 73.00 | | Close | Previous | High/Low | |
| | | | اسل | 73.16 | 73.22 | 73.25 | 70.60 | Dec | 79.27 | 79.07 | 79.57 | |
| evious | High/Lov | | Oct. | 67.86 65.31 | 67.90 65,40 | 67,90 65,40 | . 67.90 65.15 | Feb | 75,42 | 76.20 | 79.57 75.85 | 79.07 75.27 |
| 4.8 5.3 | 414.0 | 411.0 | Mar | 35.18 | 66.10 | 66.15 | WE 10 | Apr Jun | 75.87 73.75 | 75.82 | 76.25 | 75.72 |
| 1.9 | 413.0 0 | 413.0 | | | | | | Aug | 72.20 | 73.72 72.05 | 74.00 72.55 | 73.60 |
| 3.8 | 423.0 | 418.3 | ORAN | GE JUICE | 15,000 lbs | Conte/live | | Oct | 72.17 | 72.15 | 72.55 | 72.10 72.15 |
| 5.6 | 428.5 | 424.0 | | Glose | Previous | Nigh/Lov | | Dez | 78.20 | 72.90 | 73.40 | 73.00 |
| 5.6 1,4 | 9 | 430.0 0 | | 106.00 | 100-00 | | | | | | | |
| 6 | 447.0 | 445.0 | Jan Mer | 106.80 108.85 | 109.80 | 109.00 | 106.25 106.60 | LIVE | OGS 30.00 | O lb; cents/ | | |
| | 0 | Q | May | 109.70 | 112.75 | 111.40 | 109.50 | _ | Cicse | | | |
| 1.8 | 454.Q | 452.9 | أليال | 110.60 | 114.45 | 113.50 | 112,00 | Des | | Previous | High/Low | |
| | | | Sep | 110.55 | 114.45 | 112.00 | 112.00 | Dec Feb | 49.00 47.50 | 49.82 47.77 | 49.85 | 48.95 |
| 1.8 | | ris/Ros | | | | | | Apr | 45.32 | 45.52 | 48.17 45.95 | 47.47 |
| I.B I.3 | 000 lbs; cer | | 1900 | ICES | | - | | Jun | 49.12 | 49.10 | 49.62 | 45.32 49.00 |
| 1.8 1.3 28 25.0 | | | | | en Contra | | 14 - 1000 | JUL Aug | 49.27 | 49.15 | 49.75 | 48.90 49.20 |
| 1.8 3.3 38 25.0 | High/Los | | 1 | 1 H 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | 心怀 沿 双船 | , - ,00 | Aug | 48.12 43.45 | 49.07 | 48.40 | 47.95 |
| 1.8 3.3 38 25.0 | High/Los | 1:2.55 | 1 | TERS (Ba | | | | | | | | |
| 1.8 3.3 38 25.0 | 113.50 112.40 | 1:2.5 5 111.40 | 1 | Dec 6 | | | 70 YT 890 | | | 43.40 | 43.62 | 43.45 |
| 1.8 3.3 38 25.0 30 30 15 | High/Los | 1:2.55 | 1 | | Dec 5 | | 1814.1 | | BRLLES 4 | 43.40 0,000 fbs; ce | rite/lb | 70.40 |
| 1.8 3.3 38 25.0 20 150 15 45 | 173.50 112.40 111.50 109.20 | 172.55 111.40 196.00 107.70 | REU | Dec 6 1716.5 | Dec 5 1715.2 | moth eq 1897,2 | 1814.1 | | | | rite/lb High/Low | 74.45 |
| 1.8 3.3 38 25.0 20 150 15 45 | 173.50 112.40 111 50 109.20 0 106.96 | 172.55 111.40 116.00 107.70 0 108.15 | REU | Dec 6 1716.5 FJONES (| Dec 5 1715.2 Base: Dec. | moth eq 1897.2 37 1974 = | 1814.1 | | BRLLES 4 | 0,000 lbs; ce | nte/ib High/Low | |
| 1.8 3.3 3.3 3.6 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 | 123.50 112.40 111.50 109.20 0 106.90 | 172.55 111.40 196.00 107.70 | BEU | Dec 6 17 16.5 7 JONES (Dec 6 | Dec 5 1715.2 Base: Dec. Dec 4 | 1667.2 31 1974 = | 1814.1 100) 10 yr ago | PORK Feb Mar | Close GZ 85 62.00 | 0,000 fbs; ce Previous 64.10 63.15 | High/Low 64.67 63.60 | 62.55 |
| 1.8 3.3 38 25.0 20 150 15 45 | 173.50 112.40 111 50 109.20 0 106.96 | 1:2.55 111.40 1140.00 107.70 0 108.15 | DON Spot | Dec 6 17 16.5 7 JONES (Dec 6 | Dec 5 1715.2 Base: Dec. Dec 4 122.60 | moth eq 1897.2 37 1974 = | 1814.1 | PORK | Close G2.85 | 0,000 fbs; ce Previous 64.10 | nte/ib High/Low | _ |





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Pilkington resists The market was prepared for the grim mid-term message from Pilkington and, helped by the overall strength of equities. The shares improved 3 to 158p. Analysts described current trading as not very pleasant. There was further weakness to come in the UK, no sign of a Latin American recovery and cost-cutting was being done late in the cycle. The only hope

was Germany, they said.
Full year profit estimates
were cut to around £190m to \$195m from the \$225m mark, but researchers were absolute on the dividend rate being maintained at 10%p per share Yield considerations, combined with speculation that BTS could renew predatory inten-tions, aided Pilkington's resil-

GrandMet strong

Grand Metropolitan climbed 19 to 631p after its annual results. Apart from a 26 per cent increase in profit to £919m, the accounts were described as "squeaky clean" by Mr Mike McCarthy at Smith

LONDON STOCK EXCHANGE

Strong rise after Iraq's hostage move

the London stock market yes-terday. Iraq's decision to free foreign hostages triggered a continuous in London equities, and the advance was Last Dealings: encouraging news from the Gatt talks, lower oil prices, some good company results and encouraging comments from the UK chancellor of the

Trading opened in good spirits after rises overnight in New York and Tokyo. Crude oil prices continued to slide, a trend which steepened after Iraq's hostage offer. Oil company shares slipped with the crude price, but the effect of their decline was overwhelmed by the ocean of blue on Seaq screens. Of the Footsie's 100 constituents, 86 gained ground, and hopes were high of an

Change of

mood on

Wellcome

RECOMMENDATIONS from

securities houses boosted Well-come, which in the past few

days has enjoyed a turnround

from its post-results depression. Enthusiasm for the issue was triggered in particular by a change of heart at James Capel, which replaces its long-

held bear stance with a buy recommendation. Wellcome

rose 30 to 428p.
The main factors underpin-

ning Capel's change of view

were the increasing prospects

of a solid contribution from

Retrovir, the only approved Aids treatment, and the prom-

ise of efforts by the new man-agement to cut costs and

strengthen R&D, said Mr

Robin Gilbert at Capel. He said that the market was

coming round to the view that

the gloom following Well-

come's disappointing results

lest month had been overdone.

house at Smith New Court, which retains its sell recom-mendation on Wellcome, felt

otherwise. The market was depressed by the company's fundamentals and it will "once

again remember the way it

read the stock a few weeks

However, Mr Paul Wood-

Jun 10 Dec 28 Account Day: Dec 17 Jan 7 _ _ Jan 21 even bigger premium for priva-tised electricity company

Account Dealing Dates

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stocks when trading begins next Tuesday. Wherever investors turned, there seemed to be good news. Top of the list were unexpected last-minute concessions from the European Community in the protracted Gatt talks in Brussels, similar moves from the US came after the London market closed

The dollar dipped on the Gulf optimism, continuing the

FT-Actuaries Indices rebased

Stores

Mr John Wakeley at Lehman

Brothers said interest in the

stock has been stirred up among US investors by the strong performance of US com-peny Pillsbury, which contrib-ured for the full year compared

with nine months in 1983-89.
Other benefits came from good organic growth in wines, spirits and brewing, and the benefits of cost-cutting at Burger King (The compression pool

ger King. The company's posi-tive approach showed through

in its increased spending on

marketing.
The dollar's weakness should, however, burt this year's trading profit, although

it benefits transatiantic debt

and interest payments. In com-mon with other UK companies,

property is another area of

A fell in the price of January

dent Saddam Hussein's deci-sion to free foreign hostages left oil shares lower. Particu-

larly hard hit were the explora-tion and production compa-nies. Enterprise fell 20 to 614p

and Lasme dropped 18 to 395p, while among the oil majors RP eased 3 to 330p and Shall shed

6 to 451p. Although many analysts

expect the poor fundamentals of the oil market eventually to reassert themselves, there was

uncertainty about whether the

short-term vulnerability.

Oils move down

Nov 1990 Dec

New Court.

weakness helped the shares of UK exporters. The market's determination to go higher swept aside doubts over the prospects for dollar earners.

Such was the mood of opti-mism that potentially bearish news, such as an 18 per cent fall in November new car registrations, did not distract buy-ers. Good figures from Gus, the retailing and property group, and Grand Metropolitan could only help, while disappointing results from Pilkington and Hanson were brushed aside. The steady flow of positive information helped confidence in itself. The market has become wary in recent weeks of single items of news that

trigger what turn out to be manustained rallies.

Traders took heart from an afternoon statement from Mr

The latest gloomy findings in the Confederation of British Industry's distributive trades

survey have already heen reflected in the performance of

the PT-A stores sector index.

In November it began to underperform the market as retailers confirmed that trad-ing in the important run-up to Christmas had begun disap-

pointingly. But analysts believe that recession will

catch up with other sectors and the prospect of further interest rate cuts will allow

the retail group to close the gap on the rest of the market.

els. There was even less agree-

ment on the implications for

oil shares. Some believed that the insti-

tutious had absorbed too much

stock since Iraq invaded

Kuwait and were now looking to lighten their holdings. But there was also a widely held view that it was too early to discount a Gulf war and in any

case the yield on the oil majors would limit further falls.

Disappointing third quarter results from Smith & Nephew kept a damper on the issue, which closed 4 down at 102p.

The results prompted a flown-grading from Smith New Court for the full year, with profits estimated at between 2137m

and £138m against an earlier forecast of £144m. Smith also

lowered its forecast for 1991

profits from £157m to between £140m and £145m.

Encouraging news lifted British Aerospace and

Rolls-Royce from their recent gloom.:Indications that the

Morris at County.

Norman Lamont, the chancel-lor of the exchequer, that he expected inflation to fall to 5.5 per cent in the fourth quarter of 1991.

By that stage in the session. however, attention was begin-ning to focus on the other side of the Atlantic. Wall Street's response to developments in response to developments in the Gulf was less suphoric than in London. The Footsle peaked one minute after New York opened and then drifted to close 11.7 off the day's high at 2,177.5, still up 24.9 on halance. Trading volume was good at 556.4m shares, much of it being institutional buying. This figure was only just above Thursday's level, but in the absence of low margin programme trades and bed and breakfasts (tax-related deals) it represented a much higher

represented a much higher level of profitability for many

Lucas advanced 10 to 143p. GEN also performed well,

rising 10 to 339p in spite of the deteriorating outlook for the

motor industry. Mr Morris expressed surprise at GKN's resilience at a time when UK

car sales were down 18 per cent and Continental car mar-

ated the movement after seeing revived interest overnight in the company's American

Depository Receipts. Chairman Mr Brian Beazer

FT-A All-Share Index

1100

1000 1000 950

Equity Shares Traded

London analysts with cau-tious views were forced yesterday to look to the medium term to justify their positions. Mr Robin Aspinall at Hoare Govett said that the US recession, whose implications had been overshadowed by events in the Gulf, might now affect shares once more. He expected weakness on Wall Street in the

next few weeks. Mr Trevor Laugharne at Kleinwort Benson also sounded a warning note. Downward pressure on UK share prices could come from at least three sources: a rise in German interest rates; the ending of the political honeymoon with Mr John Major, the new UK prime minister; and if the length and depth of the domestic recession returned to the top of the eco-

strong performance, gaining 12 building-related stocks. Positive assessments in the wake of first half results Lucas benefited from the announcement that the company would receive a £90m cash repayment from its pension fund. While the agreement has not been finalised yet, if it boosted shares of Slebe 22 to 327p. BZW and County Nat-West both labelled the stock a buy, the former on the basis that everything was under con-trol and that it expected the shares to rally in the short goes through, Lucas will be able to reduce its gearing to single-digit figures, said County NatWest. On the strength of yesterday's news term. County believed fears had been somewhat allayed and that the low rating pro-vided further upside potential.

Hoare Govett thought the For Avon Rubber, however, there was no respite. The profits warning from competitor Pirelli added to the group's troubles, highlighted on Wednesday by poor results, and the shares dropped 8 further to the year's low of 224p.

GEC remained unchanged at hets show signs of weakening.

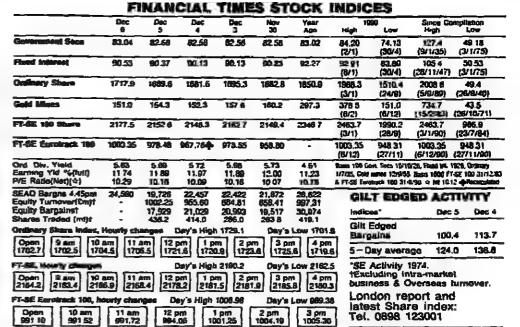
Demand for Beazer caught
the market out and the stock
rose sharply while traders balanced their book positions.

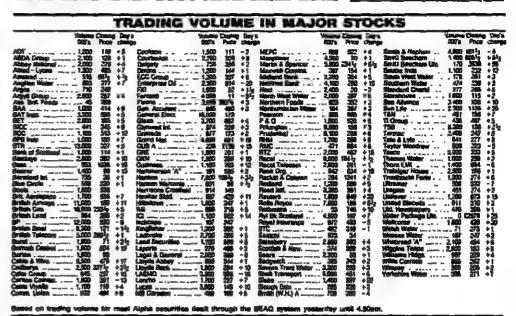
New York arbitrageurs initi-173p after heavy trading, partly related to a "bed and break-fast" job. Shares sold the previous afternoon were bought back this morning in a tax-related move. Sentiment remained mixed after the held

dividend and cautious trading statement. One of the ruffles in GEC waters is the Ferranti Defence Systems business bought for £270m in January. GEC has since argued that the price was too high and saked for a refund from Perranti International. Ferranti weakened to 11p, a

loss of 31/s.

Cable and Wireless gained 17 to 478p, helped by US interest. Kwik Save rose 13 to 488p after Kleinwort Benson raised its profit estimate for next year





by £2m to £116m. Strong earnings growth and its low risk made it a buy, Kleinwort said. Proteus International, which specialises in computer-aided drug design, responded to the successful conclusion of initial research towards the development of a synthetic vaccine against BSE (mad cow disease).
A synthetic vaccine would eliminate any danger of infactious material passing into the food chain, as may happen with a naturally prepared vac-cine, said Proteus. The shares

rose 18 to 101p. in the leisure sector, stocks

mainly followed the market

upwards. One of the exceptions was Carlton Communications. its recent rally was brought to a halt by profit-taking ahead of results due next week.

While the recovery in confidence in the past couple of weeks was fanned by Hender-son Crosthwaite, it was Kleinhalt yesterday morning Cau-tion ahead of the figures focuses on the manufacturing operations, seen as vulnerable to UK recession.

Unit trust group M&G extended its recovery, still on perceptions of an improved rating following Monday's impres-

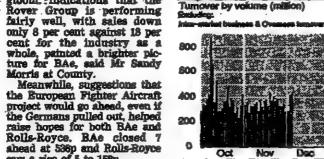
sive annual results. The stock closed 385p, up 10 more for a four-day gain of 37. Caledonia Investments also

attracted fresh support and rose 6 to 337p. Kleinwort Benson rates the shares a buy, saying the current environment is ideal for this highly liquid vehicle. It stands at a discount of 30 per cent to our estimate of the net asset value per share and offers excellent long-term value, adds Kleinwort.

■ Other Market statistics, including the FT-Actuaries share index, Page 26

Morris at County. Meanwhile, suggestions that the European Fighter Aircraft project would go ahead, even if the Germans pulled out, helped raise hopes for both BAe and Rolls-Royce. BAe closed 7 ahead at 536p and Rolls-Royce saw a rise of 5 to 158p. Smiths Industries put in a oil price had seen its best lev-

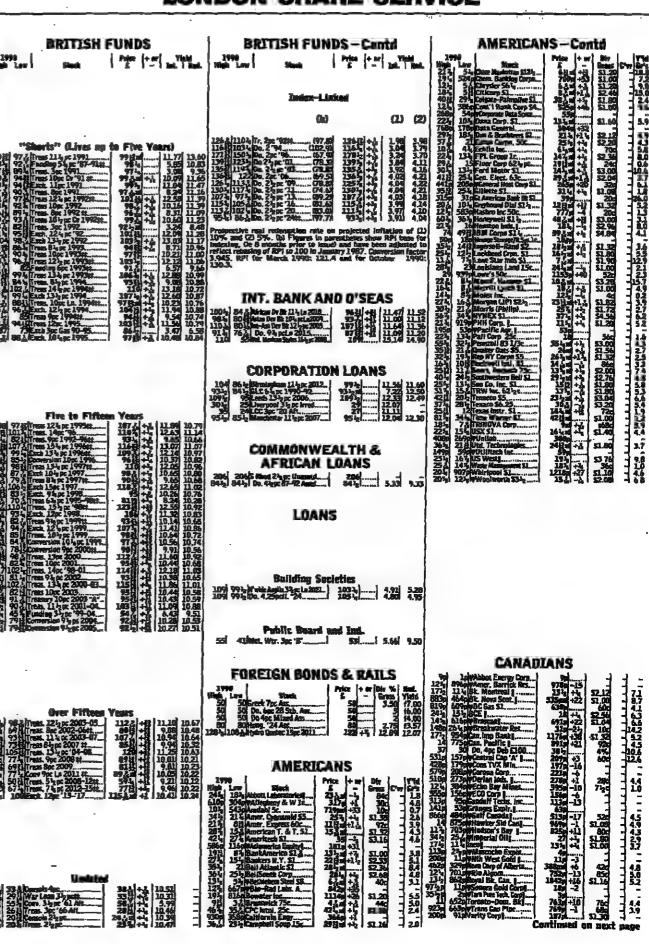
NEW HIGHS AND LOWS FOR 1890 Courte Tech., Ferrerd tell., Learnespith & Burchet, Advrovinc, Maye, P.E. Irel., Nive., Eddones-Fatter (1) Half Eng., IRELETERAS (12) April Phobe., SRS., Serry Webseller, Brown & Tawes, Computer Paople, Cont. Stationary, Oyson 1, 6. 4.). A Fabel Intl., Havits [4], Nosen-E-Ze, Mittle, Parth, Libbutte (1) Privits Sound, Microvine (2) EFF., Joseph., Parents (3) TAO. Advertign, VITI. Waterley Camerdo, THAMSPORT (2) Charleson [Horsoot, Turnish)



has hosted presentations this week to US investment institutions. The shares closed 13 up

at 98p. The addition of Grand Metropolitan's figures to other solid results from brewers, including results from brewers, including Bass's 15 per cent advance on Wednesday, confirmed the view that the sector is proving relatively resilient to the slow-down in the UK economy. While both GrandMet and Bass, which gained a further 10 personal of the second to close at 1036p, sounded notes of caution about current trading, the picture is one of curtailed growth rather than the profit falls of, say, the

LONDON SHARE SERVICE



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APPOINTMENTS

Chairman of BTR **Nylex**

chairman of BTR NYLEX on January 1 succeeding Mr John Cahill who is retiring. On the same date he also succeeds Mr Cabill as managing director and chief executive of BTR. Mr Jackson is succeeded as managing director of BTR Nylex by Mr Graeme Pearson who was director and chief executive, group operations, responsible for day-to-day worldwide activities of BTR

■ MOSAIC INVESTMENTS has made the following changes: Mr David J. Williams (pictured) has been appointed executive deputy chairman,

continuing responsibility for corporate develop-ment, acquisitions, and investor

relations. Mr
Brian R. Disbury becomes chairman. relinquishing his post as chief executive, while retaining operational responsibility for the industrial products division, with Mr R.L. Black as division, with Mr R.L. Black as divisional director, Mr Leon F. estate equity finance. He was

Angrave remains finance director, and assumes operational responsibility for consumer services and products division, with Ms Sue R. Ball as group chief accountant. Mr Gregory F. Hutchings has relinquished his post as non-executive deputy chairman but remains a non-executive director, as does Mr Pen Barber.



Mr Ernie Reading (pictured) has been appointed managing director of both Auto Springs, and Tensator, of Newport Pagnell, subsidiaries of C.K. INDUSTRIALS. He was sales director, and succeeds Mr David Nash who has moved to

another company. ■ SALOMON BROTHERS INTERNATIONAL, London, has appointed Mr Shigeki Nakajima as vice president

director of Japanese business, Knight Frank & Rutley.

PROPERTY has appointed Mr Marc Gilbard, Mr Ian Marcas, Mr Simon Eadford and Mr Richard Redmayne as directors. Mr Marcus mrecions, air marcus, previously with UBS Phillips & Drew, will head the property team in corporate finance; Mr Gilbard and Mr Redmayne are directors of County NatWest's equity securities operation; and Mr Radford is a chartered

THE COLORGRAPHIC GROUP has appointed Mr Alan Macleod as group marketing

FERRUM HOLDINGS, a UK and Dutch-based company. has appointed Mr Kees Jan Baartmans as chairman of Ferrum Structures and its two operational businesses, Romain Roosendaal Beheer, and Quoteford Engineering. Mr Joop Wekking becomes managing director of Romein, and Mr Cliff Chappell continues as managing director of Quoteford.

WAUX GROUP has appointed as a non-executive director Mr David Kinloch. an executive director of Caledonia Investments.

BOWTHORPE HOLDINGS has appointed Mr D. Partridge as managing director of subsidiary, Starpoint Klectrica, Morden, from January 1. He

was deputy managing director. Mr R.G. Smith retires at the end of the year, but continues as non-executive deputy

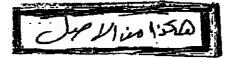
PROSERV TELEVISION, of Dallas, Texas, has appointed Mr Arthur Jearum as European managing director, based in London. He was head of television sales, BBC.

Mr Rohan Worrall has been appointed assistant general manager of THE UNITED BANK OF KUWAIT, London.



The UK division of IRISH LIFE ASSURANCE, based at St Albans, has appointed Mr Stephen Shone (pictured) as assistant general manager, finance and administration. He was financial director of the Prolific Group, and will join the UK board of Irish Life. He replaces Mr Denis Casey who returns to Dublin.

Latest Share Prices are available on FT Cityline. To obtain your tree Share Code Booklet ring the FT Cityline help desk on 071-925-2128





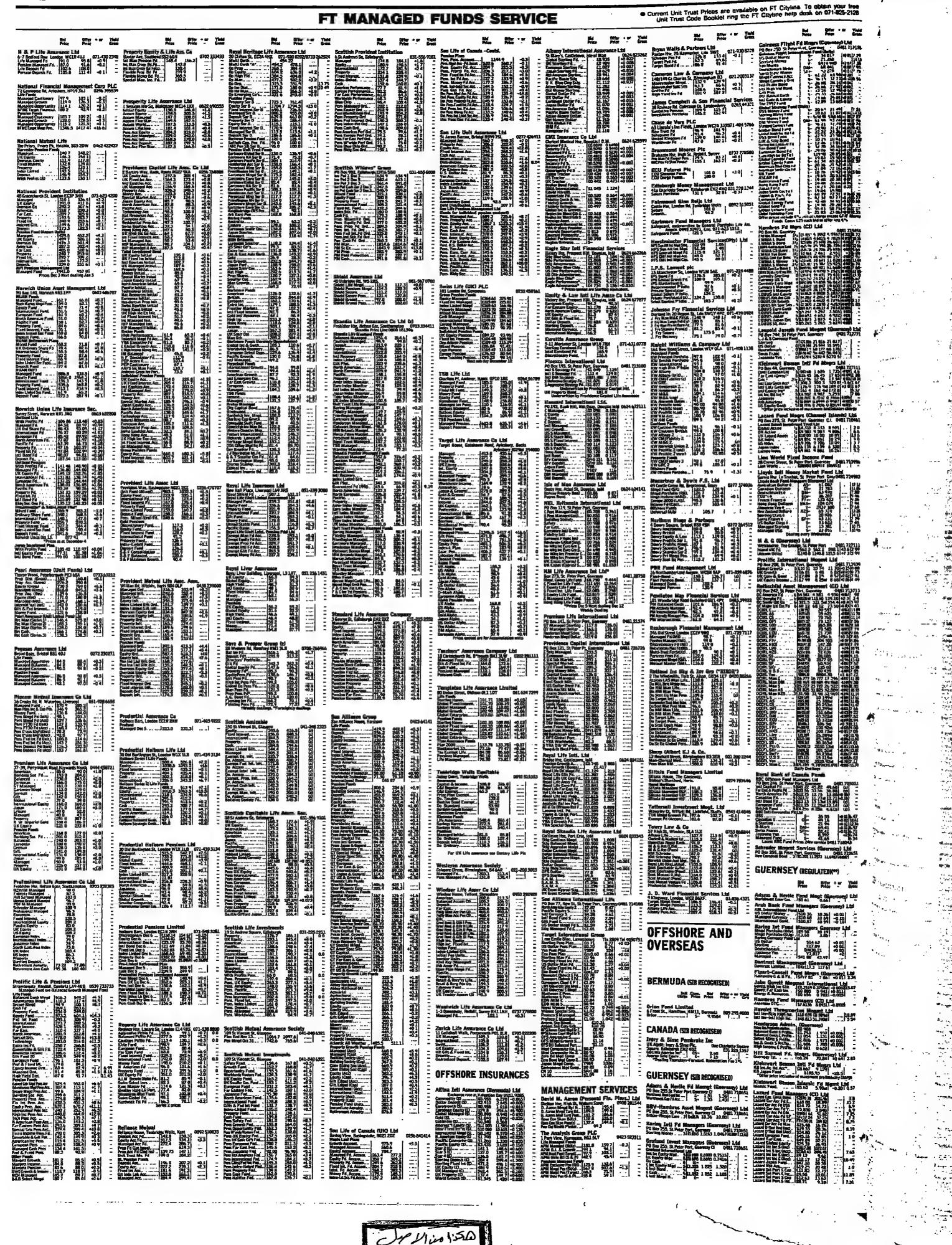
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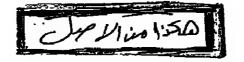
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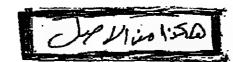
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Saddam's move weakens dollar

Lamont, UK chancellor of the

exchequer, told parliament in London that "economic policy

added that no risks will be taken with inflation or the

The pound rose 1.55 cents to \$1.9395. It remained the weakest member of the EMS

exchange rate mechanism but rose slightly to DM2.8900 from DM2.8975 and to Ffr9.8000 from

FFr9.7875. Sterling was unchanged at SFr2.4675 and fell to Y256.50 from Y258.75

against a generally firmer Jap-

yen, but the D-Mark remained well supported by interest rate

exchange rate.

SADDAM Hussein's offer to release all foreign hostages held in Iraq and Kuwait encouraged hopes of a peaceful settlement to the Gulf crisis and depressed the dollar yesterday.

Foreign exchange trading was generally quiet, with vol-ume running down ahead of the year-end. Dealers said that the present circumstances suggest the market is likely to become increasingly influenced by technical adjustments unless there is an important new factor, such as an Iraqi withdrawl from Kuwait. Should that not happen, however, the market will become nervous as the United Nations effective withdrawl deadline of

January 15 approaches.

The dollar touched a technical support level of DM1.4840, en the latest news from Bagh-dad, but rallied to close at DM1.4905, compared with 81.5015 previously. It also declined to Y132.25 from Y134.45: to FFr5.0575 from FFr5.0875; and to SFr1.2715 from SFr1.2825. On Bank of England figures the dollar's

index fell to 60.9 from 61.4. Sterling improved against the dollar, and showed a slightly firmer tone within the European Monetary System. Its exchange rate index closed unchanged at 93.6. Mr Norman

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| months 2 months | 790-1 0,94-0 157-2 7.89-7 | 92pm 54pm 79pm | O Water | 265-1.9275 1.94-0.93pm 65-2.55pm .96-7.91pm |
| STER | | | - | |
| | | Dec. | 6 | Previous |
| 9.00 am 0.00 am 1.00 am 1.00 pm 2.00 pm | | 35 C C C C C C C C C C C C C C C C C C C | 67 67 67 | 99.7 93.7 93.7 93.8 93.8 93.8 93.6 93.6 |
| CURRENC | | | | |
| Dec 6 | | Sapic of England Index | 1 | Morgan ^{as} Guaranty Changes ^S a |
| erling S Dollar Hadian Dollar Stran Schilling Hyan Franc Hyan Krone | : | 93.6 60.9 101.4 110.7 112.2 111.4 120.6 | | -18.6 -17.5 -0.1 +12.6 -1.8 +5.5 +26.4 |

CURRENCY RATES

Bank Special * European t * 0.737317 1:42833 1:6058 15,0175 44.1818 8.21433 2.13536 2.2447 1605-56 190.611 8.35716 8.35716 8.01293 1.82326 218.316 0.802903

| ds and som in | NE SON LEGIS WE LOL DEC 3 | | | | | | |
|--|--|--|--|--|--|--|--|
| OTHE | OTHER CURRENCIES | | | | | | |
| Det 6 | 1 | \$ | | | | | |
| Argentini Acstralia Brazzi Freiand Greec Hang Kongstran KonestSub Rumalt Luvenburg | 9563.85 - 9626.90 2 5170 - 2 5190 281.30 - 281.80 6.9195 - 6 9430 296.85 - 300.80 15 1315 - 15 1460 124.80* 1366.30 - 1388.35 N/A 59 90 - 60 00 | 4940.00 - 4970.00 1.2995 - 1.3005 145.30 - 146.30 3.5775 - 3.5825 153.35 - 155.81 7.8035 - 7.8056 63.50 711.20 - 716.80 RIA 30.85 - 30.95 | | | | | |
| Malaysa Meuso N Cealaid Saudi Ar Sinsapore S Ar (Cm) S Ar (Fil) Talwan U A E | 5 2255 - 5 2380 | 2,695 - 2,7015 2941,00 - 2951,00 1,6670 - 1,6690 3,7490 - 3,7510 1,7165 - 1,7185 2,5150 - 2,5166 3,4360 - 3,4965 27,20 - 27,25 3,6720 - 3,6740 | | | | | |

| Dec | 6 | Short term | 7 | Days otice | Dee Month | | Three Apaths | Six Manii | 6 | () Year |
|--|-------|----------------|----------------|-----------------|----------------|----------------|-----------------|---------------|----------------|----------------|
| Files 144 - 144 145 - 143 146 146 184 184 134 - 134 11 - 128 124 126 100 los 74 74 75 74 77 75 86 86 86 56 78 74 74 77 77 77 77 77 76 76 76 78 78 78 78 78 78 78 78 78 78 78 78 78 | | | | | | | | | | |
| | | Đ | CHA | NGE | CRC |)SS I | RATE | S | | |
| Dec.6 | £ | \$ | DM | Yes | F Fr. | S Fr. | HFI. | Lire | CS | 8 Fr. |
| £ | 10515 | 1.940 | 2.890 1.490 | 256.5 132.2 | 9.800 5.052 | 2.468 1.271 | 3.258 1,679 | 2178 1123 | 7.767 5.523 | 59.95 30.90 |
| DM | 0.346 | 0.671 7.563 | 11.27 | 861.75 1000. | 3.391 38,21 | 0.854 9.622 | 1,127 | 753.6 8491 | 0,780 B.784 | 33.7 |
| Į fr | 1.020 | 1.980 | 2.909 | 261.7 103.9 | 10. | 2,518 | 3.324 | 2222 BSD 5 | 2.299 | 61.17 |

| weeks council meeting. |
|----------------------------------|
| In Paris the D-Mark was |
| fixed at its highest level since |
| February, rising to FFr3.3907 |
| from FFr3.3851. At the London |
| close it had climbed to |
| FFr3.3920. Dealers were sur- |
| prised to see no direct inter- |
| vention by the Bank of France, |
| but noted that one large state- |
| owned French bank was |
| actively selling D-Marks. |

the Italian lira. The D-Mark rose to L753.45 from L752.08 at anese yen.

Profit-taking after the
D-Mark's recent rise pushed
the German currency down to
Y88.80 from Y89.55 against the rose to L753.45 from L752.09 at the Milan fixing, prompting intervention by the Bank of Italy. The central bank sold DM200m and Ecu10m at the fixing. The French franc was fixed little changed at L222.19, compared with L222.16, indicating that any build up of pressure in the ERM is mainly the result of the D-Mark's strength.

| factors. The present high level of interest rates in Frankfurt has led to speculation that the Bundesbank may tighten its factors. The present high level compared with L222.16, indicate ing that any build up of pressure in the ERM is mainly the result of the D-Mark's strength. | | | | | | | |
|---|---|---|---|--|------------------------------------|--|--|
| | Ecu Central Rates | Currency Aquituates Againesi. Ecu Dec 6 | % Change from Central Rate | Correcy | Divergence Indicator | | |
| Spanish Pervial D-Mark D-Mark Descrit Guilder Belgiam Franc Irish Punk Vallan Lira Danish Krone French Franc Starting | 133.631 2.05586 2.31643 42.4032 0.767417 1538.24 7.84195 6.89509 0.696904 | 130,680 2,04391 2,30590 42,3384 0,766874 1539,84 7,86727 6,93129 0,708334 | -2.58 -2.55 -2.55 -2.57 | 1.94 2.23 2.10 1.80 1.71 1.53 1.51 1.11 0.00 | 79 20 14 14 -25 -31 | | |

| SH42 | 9,070711 | 9,700354 | 204 | 5105 | |
|---------------------------|--------------------|---------------------|-------------------|----------------------|--------------------|
| on control rates set by i | he European Com | arisakon, Carrescie | are in descending | relative strength. i | Percentage changes |
| e for Ecu; a positive | cicanos depotat. | a week correct. | Divergence shows | the ratio between | I two someon: use |
| rcentage deviation of | the currence's acc | arkel rate from it | Eco contrai rate | - | street by section |
| Justiment, calculated | y Financial Time | E. | | | |
| | | | | | |

| : b | Day's spread | Close | Dae month | * 1 | Three months | A.A. |
|------------|---|---|---|-----------------------|---|-----------------------|
| | 1.9265 - 1.9430 2.2425 - 2.2565 | 1.9390 - 1.9400 2.2525 - 2.2535 | 0.94-0.92cpm 0.38-0.31cpm | 5.75 1.84 | 2.56-2.53pm 0.88-0.76pm 33 ₄ -34 ₄ pm | 5.25 1.46 |
| ands. P | 3.2525 - 3.2680 59.60 - 60.05 11.1000 - 11.1655 | 3 2525 - 3 2525 59.90 - 60.00 11.1325 - 11.1425 | 1½-14cpm 24-18cpm 3½-34cmm | 4.83 4.20 3.77 | 58-48pm 84-73-pm | 4.07 3.54 2.90 |
| 3 | 1.0800 - 1.0930 2.8855 - 2.8940 253 95 - 256.20 | 1.0840 - 1.0850 2.8875 - 2.8925 254.10 - 255.10 | 0.20-0.15ppm 1 4-1 1 ₃ ppm 2-33cds | 1.94 4.93 -0.82 | 0.75-0.63pm 23-23.pm 108-16965 | 2.54 3.84 -2.14 |
| F 1 1001 | 184.20 - 185.75 2174.60 - 2185.85 | 184.40 - 184.70 2177.50 - 2178.50 | 4-13ctis 31 ₂ -21 ₃ lirepm | -0.55 1.42 | 44-5744 7-53-00 | -L04 |
| | 11 3020 - 11 3715 9.7870 - 9.8155 10.8400 - 10.9050 | 11.3350 - 11.3450 9.7950 - 9.9050 10.8650 - 10.8750 | 2%-2orepm 3%-3%cpm 4.cm-%oreds | 2.59 4.06 -0.21 | 54-44pm 74-74pm 24-44dh | -12 |
| | 255 75 - 259 55 20.30 - 20.39 | 256.00 · 257.00 20.30 · 20.33 | 14-14 ypm 9-75 groom | 3.56 4.91 | 34-34pm 164-144pm | 3.03 |
| ised . | 2.4625 - 2.4725 1.4030 - 1.4125 | 2.4625 - 2.4725 1.4055 - 1.4065 | 1 %-1cpm 0.46-0.42cpm | 517 | 2%-2% pm 1,04-0.99pm | 2.8 |

| DOLL | DOLLAR SPOT - FORWARD AGAINST THE DOLLAR | | | | | | | | | |
|------------------------------|---|---|--|---|--|----------|--|--|--|--|
| Dec 6 | Day's spread | Close | Company magnetic | % p± | Time; costin | % p.L | | | | |
| | 30.85 - 31.60 5.7300 - 5.7700 1.4840 - 1.5025 131.50 - 132.35 95.00 - 95.90 1119.00 - 1130.00 5.6200 - 5.6975 5.0370 - 5.0860 5.5880 - 5.6320 13.1.5 - 134.60 10.4662 - 10.5475 | 1.797 - L.WO 1.727 - L.HO 1.727 - L.HO 1.727 - L.HO 1.727 - L.HO 1.720 - 1.720 1.720 - 1.720 - 1.720 - 1.720 1.720 - 1 | 0.94-0.92cpm 0.29-0.24cpm 0.37-0.39clk 0.12-0.15clk 3-5clk 0.85-1.05crett 0.12-0.14pfdt 49-52clu 3.50-4.00tredit 1.40-1.75crett 0.71-0.76cld 2.60-2.95crett 0.02-0.94dt 0.02-0.94dt | ようしょうしょうかん しょうしょうしょう とうしょうしょう こうしょうしょう しょうしょう しょう | 2.%-2.5pm 1.15-1.15pm 1.10-1.14da 0.5%-0.55db 12-1.53,75d 250-2.50db 250-2.50db 1/47-1.55d | | | | | |
| Switzerland . | 1.3690 - 1.3830 | 3%:13% | 0.06-0 09cdls 0.24-0.22cpm | 2.01 | 0.84-0.82pm | 2.0 | | | | |
| Commercial : Forward pres | rates Laken Lowards (nigns and discounts : | in ent of Lendon tra apply to the US delia | ding. 7 UK, heland r and not to the inc | and ECL Irriginal (| i are emoted in US: surreligi, | 1000 | | | | |

| EURO-CURRENCY INTEREST RATES | | | | | | | |
|--|--|--|--|--|--|--|--|
| Dec 6 | Short term | 7 Days notice | One Month | Three Months | Six Months | | |
| orling. \$ Dollar in Dollar ortch Galider wiss Franc | 47-11-24-7-10-07- 47-11-24-7-10-07-1 47-11-08-80-7-10-07-1 | 140 - 140 - 7 - 8 - 8 - 8 - 8 - 8 - 8 - 8 - 8 - 8 | The state of the s | 18-16-68-18-69-8 18-16-68-18-69-18-18-18-18-18-18-18-18-18-18-18-18-18- | 17.11.9.88.13.15.83.17.1 17.11.9.88.13.19.83.17.1 17.11.9.88.13.19.83.17.1 | 11 11 12 12 12 12 12 12 12 12 12 12 12 1 | |

| p (55kg g (5710 i 5 8 4-8 | Eurodoilars by per cent | 7% - 79 two year nominal, | • | | Up - 8, three years call for US | | - 7/2 er cent; fo od Japane | 74 - 7 our years & se Yes; oth | | 7% - 7 r cent; i |
|---------------------------------|----------------------------|---------------------------------|----------------|-----------------|---------------------------------------|----------------|-----------------------------------|--------------------------------------|----------------|---------------------|
| | | Đ | CHA | NGE | CRC |)SS I | RATE | S | | |
| Dec.6 | £ | \$ | DM | Yes | F Fr. | 5 Fr. | H Fl. | Lire | CS | 8 Fr |
| Š | 0.515 | 1.940 | 2.890 1.490 | 256.5 132.2 | 9.800 5.052 | 2.468 1.272 | 3.258 1,679 | 2178 1123 | 2.255 1.161 | 59.9 30.9 |
| YEK YEK | 0.346 3.899 | 0.671 7.563 | 11.27 | 861.75 1000. | 3.391 38,21 | 0.854 9.622 | 1,127 | 753.6 8491 | 0,780 8.784 | 25 |
| Fr. | 1.020 0.405 | 1.980 0.786 | 2 904 1 171 | 261.7 103.9 | 10. 3.971 | 2.518 I | 3.324 3.324 | 2222 882.5 | 2.299 0.913 | 61.1° 24.2° |
| i fi. Ura | 0.307 0.459 | 0.595 0 891 | 0.887 1.327 | 78.73 117.8 | 3.008 4.500 | 0.758 1.133 | 1 14% | 668.5 1000. | 0.692 1.034 | 18.4 27.5 |
| CS B Ft. | 0.444 1.668 | 0.861 3.236 | 1.855 | 113.8 427.9 | 4.350 16.35 | 1.095 | 1.446 | 966.7 3633 | 3,758 | 26.6 100. |

FINANCIAL FUTURES AND OPTIONS

| FFE LO 4,890 (| NG GOLT FUTU Hills of 188% | EES OPTION | | TREASU 64ths at | Ry Book I 180% | FUTURES | | |
|---|--|---|-----------------------------|---|--|---|---|---|
| itriae Price 86 87 88 89 90 91 92 93 imated | Calls-settlem Mar 1 4-02 4 4-2-34 3-1-59 2-1-63 2-1-63 1-1-63 1-1-63 2-1 | Mail Mail Mail Mail Mail Mail Mail Mail | 4-40 | Strike Price 92 93 94 95 97 96 97 96 97 Previous d | 4-08 3-22 2-41 2-00 1-30 1-04 0-47 0-33 | Utements, Jan 4-39 3-63 3-63 2-56 2-27 2-01 1-42 1-42 1-42 mai, Calls 30 | Mar 0-42 0-55 1-11 1-34 2-60 2-38 3-17 4-03 | silements Jan 1-31 1-51 1-55 2-48 3-19 3-57 4-34 5-14 |
| FFE EL | ROMARK OPTS ats of 100% | JALS | LEFFE EL | 100 to 100 | R OFTIONS | • | | |
| trice Price 1975 1000 1004 | Calls-settless Oct N 0.95 11 0.70 01 | ar Dec | MAR 0.02 0.03 0.07 | Strike Price 9125 9150 9175 | Calls-s Dec 0,77 0.52 0.78 | ttlements Mar 1.28 1.04 0.87 | Pro-ex Dec 0 0 | MEAR D COI |

CHICAGO

PHELADELPHIA SE LIS OPTION ES1,250 (cods per £1)

CAC-49 FUTURES DIATER) Stock being

ABN Bask
Adam & Company
Alted Trest Bank
Al B Bank
Henry Asstactor
Associates Cap Corp

B & C Merchant Bank .
 Bank of Baroda
Banco Bifthao Vizzapa ...

Bask of Scotland

Brit Bk of Mid East.

Bank Credit & Comm Basik of Cypres ... Bank of Ireland ... Bank of India

December 1495.0 1716.0 | January 1705.0 1718.0 | Polymary 1705.0 1718.0 | Polymary 1713.0 1713.0 | March | March | Tolymary 1713.1 | Total Open Interest 7,799

LONDON (LIFFE)

Extinated volume 320 (ES) Provious day's open int, 236 (220)

| EE MO 0,000 j | MTH STER points of 1 | LB16 90% | | - | | | | | |
|------------------|--|--|-------------------------|---|--|--|--|--|--|
| | Close 86.68 88.17 88.84 88.98 | High 86.69 88.19 88.85 88.97 | 86.56 87.96 88.65 | Prov. 86.62 98.03 88.72 88.87 | | | | | |
| | 89 36 88 36 88.84 88.78 88.88 | 89.02 88.87 88.89 | 82.50 82.77 82.79 | 88.75 88.75 88.77 88.77 | | | | | |
| Val 6 | 88.99 89.92 88.92 | i cha-mi & | 1480 /9074 | 88.78 89.81 88.81 | | | | | |
| | Val. Cor., Figs., soil phoyed 41650 (19742) loop, day's open let., 160643 (162136) SEE MONTH EDISSOCILAR I malets of 186% | | | | | | | | |

Est. Vol. disc. figs. not stored 11795 (5) Previous sier's poen int. 46618 (46512)

Estimated volume 11197 (17909) Previous day's open lot, 79670 (77131) TRREE INCHTH ECH NCO Im pelais of 190% Estimated volume 271 (167) Previous day's open lot, 1627 (1638)

Entirepted volume 71.77 (£31/6) Previous day's open LrL 27871 (27777)

POUND-S (FOREIGN EXCHANGE) 1-mth. 3-mth. 6-mth. 12-mth. 1-9302 1-9141 1-8943 1-8615 Latest High Low Pres. 1,9370 1,93% 1,9330 1,9212 1,9112 1,9146 1,9060 1,8764 1,8950 - 1,8764

o. restre & CO. respons & Stanesh lempold Joseph & Sons Lloyds Bank Megiraj Bank Lld Michael Bouglas Balk Middand Bank Mesont Banking Kat Bik of Kirwalt CL Bank Hederland .. ● Members of British Merchant Banking & Securities Houses Association. © Deposit now 5.1% Saventse 7.7%. Top Tier-£50,000-instant access 13,7%

BASE LENDING RATES

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HFC Bank pic.

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Hampshire Trust Pic.

Heritable & Gen bar Buk.

Bill Campan

● HEI Samuel

MONEY MARKETS

Conflicting factors

WHOLESALE INTEREST rates were little changed in London under the conflicting influences of firm German rates and news that Iraqi President Sad-dam Hussein has apparently offered to free all foreign hos-

Three-month sterling interbank was quoted at 13½-13½ per cent against 13%-13½ and 12month money was steady at 12%-12% per cent. Comments by Mr Norman Lamont, UK chancellor of the

UK clearing bank base lending rate 14 per cent from October 8, 1990

exchequer, boosted sentiment with his forecast of a sharp fall in inflation next year. This helped push March short sterling futures higher on Liffe. The contract opened weaker at 88.00 but closed at 88.17 compared with 88.03

previously.

Credit on the money market was in better supply than on Wednesday. The Bank of England initially forecast a shortage of 2650m, but revised

this to £700m at noon. Total help of £649m was provided. Before lunch the authorities bought £283m bills outright, by way of £30m bank bills in band 1 at 13% per cent; £16m Treasury bills in band 2 at 13% per cent; and £237m bank bills in hand 2 at 13% per cent. In the afternoon another £196m bills were purchased, via £3m Treasury bills in band 1 at 13% per cent; £37m bank bills in band 1 at 13% per cent; and £156m bank bills in band 2 at 13% per cent. Late assistance of around £170m

Yes per 1,000: French fr. per 10: Lira per 1,000: Belgian Fr. per 100.

was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury drained £314m, with exchequer transactions absorbing £90m, a rise in the note circulation £140m, and bank balances below target

In Frankfurt call money was steady at 8.45 per cent, as the Bundesbank's addition of a net DM13.6bn at this week's securities repurchase agreement tender failed to improve significantly the supply of credit. Banks are faced with large repayments of borrowing, via currency swaps, public authorities money and under Lombard facilities, together with payment of about DM6bn for a Federal

bond.
This drain of funds is expected to keep call money firm and encourage further Lombard borrowing at 8.50 per cent, putting upward pressure on the rate structure. It was noted that banks were prepared to pay up to 9.15 per cent for funds at the securities repurchase tender.

FT LONDON INTERBANK FIXING III (7) am Dec (6) - 3 months VS dellers

MONEY RATES HEW YORK Treasury Bills and Bonds (Lunchtime) 6.68 6.95 7.21 7.20 7.23 7.46 Dec.6 913-91 84-84 915-920 811-82 135-134 95-95 105-105

LONDON MONEY RATES Dec 6 Interbant Offer
Interbant Bid
Sterling CDs
Local Authority Deps.
Local Authority Bends
Discount Mitt Deps.
Company Deposits
Finance House Deposits
Treasury Bills (Bury)
Bank Bills (Bury)
Fine Trade Bills (Bury)
Fine Trade Bills (Bury)
SDR Linked Dep. Offer
SDR Linked Dep. Bid
ECU Linked Dep. Bid
ECU Linked Dep. Bid 131₂ 131₂ 12% 12% 12% 12% 12% 144 144 144 123 124 124 7.87 94 85 104 104 7.80 91 81 103 104

Treasury 8flis (sell), one-month 138; per cent; three months 128 per cent; six months 12½ per cent; Bank Bills (sell): one-month 135; per cent, three months 12½ per cent; Treasury Bills; Average tender rate of discount 12.6947 p.c. ECED Fixed Rate Steriling Export Finance. Make up day November 1,1990. Agreed rates for period Dec 26,1990 to Jan 25, 1991; Science: 14.59; p.c., Schemes II & III: 14.67 p.c. Reference rate for period New 30,1990 to Now 30, 1990. Scheme IV&V 13.698 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Save Rate 14 from December 1, 1,990. Bank Deposit fattes for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and overheld budge one month 10½ per cent; coe-time months 12 per cent; months 12 per cent; nine-twelve months 11½ per cent; three-six months 12 per cent from Oct 8,1989, Deposits withdrawm for cash 5 per cent.

This notice is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any shares. Application has been made to the Council of The Stock Exchange for permission for the issued Ordinary Shares of 25p each in The Chartwell Group plc to be dealt in on the Unlisted Securities Market. It is expected that dealings will commence on the Unlisted Securities Market on 13 December, 1990. It is emphasised that no application has been made for these securities to be admitted to listing.

The Chartwell Group plc timited in Engised under the Companies Act 1985 Regis Introduction to the Unlisted Securities Market arranged by

Johnson Fry Securities Limited SHARE CAPITAL Monday Pale Number 1.559.277 6,237,108 3,000,000 Ordinary Shares of 25p each

Details of the above mentioned shares are included in the Companies Fiche Service available from the Stock Brithenge.

Copies of the Extel Cards relating to The Chartwell Group pic may be obtained during normal office hours (by collection only) for the next two business days from The Stock Exchange, Company Announcements Office, 46-50 Finsbury Square, London ECLA IDD and on any weekday (Saturdays and public holidays excepted) up to and including 21 December, 1990 from: The Chartwell Group

Greig Middleton and Joh Co. Limited son Fry Securities pic Pounsley Road Dunton Green Sevenoaks 20 Regent Street London SWIY 4PZ 66 Wilson Street Kent TN13 2XP 7 December, 1990

TELEPHONE: 071-828 7233 Dec. 2200/2210 +10 Dec. 2614/2626 -1 Dec. 2236/2246 +10 Mar. 2636/2648 -2 Spm Prices. Change from previous 9pm close HOW WELL DID YOU JUDGE THE MARKET? INDEX



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MONEY MARKET FUNDS

Money Market Trust Funds

IFFE SUND FUTURES OF THE NUMBER OF THE NUMBE

SFFE SHORT STEALING OFTIGH SQC,000 points of 100%

March 0.45 2.67 1.00

95, 189

1.07

1.12 1.50

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Unity Mizzahi Bank
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Westpac Bank Corp.
Waltsaway Laidlaw
Yorkshire Bank

Open let 7,184 365 210

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Money Market

Bank Accounts Het CAR hat Co AIS Senk High Interest Cheque Account Behnout Rd. Unkreine VER 15A 9 361 12 421 Gr 22 500 57 999 12 60 9 361 12 421 Gr 110.0000 115 00 10 14 14 04 Ur

teemb Street, London SWI 5-Eq 999 111 375 00-Eqq.999 12 75 00 and above 13 25 Brown Shipley & Co Ltd

Coutte & Co Financial & General Bank pic 11 Leander Stort Longor Swill Vox 971, 215001 h : D A :50 000 | 14.05 | 10 72 | 24 97 | 50 n : D A : 150 000 | 12.05 | 10 62 | 14 325 | 60 Mark ple High Interest Coopie Ace 2 St. London E CV AIM 671-409/ 1-13 040 14 70 8 00 10 671-1-15 040 10 00 8 76 11 11 11 10-441 040 10 94 9 00 12 00 13 Midland Bank ple P0 Box 2 Sherius Han bit Cha Act Lib Coo LSC 000+

JOTTER PAD

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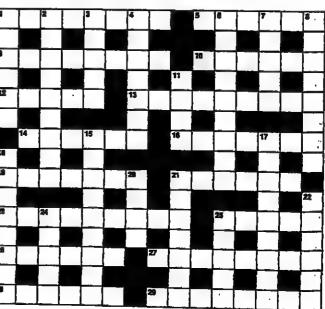
74 Aug

To the second se

- * ***

CROSSWORD

No.7,413 Set by VIXEN



ACROSS 1 The underworld bring up appropriate personal prop-

erty (8)
Decorative work done bit by

5 Decorative work done bit by bit (6)
9 Persistent roues let off (8)
10 Start again, and write about love first (6)
12 An announcer in tears? (5)
13 The dark horse can make one's hair stand on end! (9)
14 For medicinal use, that's quite plain (6)
16 Confusing lies and contradictions (7)
19 The collier needs a pound to get a drink (7)

get a drink (7)
21 Pole going about business thought to be lucky (6)
23 Lash a guy taking the painter in a boat (9)
25 Plant a hidden microphone with the backing of the Spanish (5)

Spanish (5) 26 High-filer who saw his sup-

26 High-filer who saw his support melt away (6)
27 Potentially charming way of making progress (8)
28 Visitors received in the vaguest sort of fashion (6)
29 The parsimony of the average head! (8)

DOWN 1 Straightforward credit 2 Mistrust of 24 (9) 3 Means of measuring a sover-

food (5) Solution to Puzzle No.7,412 GHARLESDICKENS
A O S S A H O Y
CLIVE PARDHGOLE
THOTTER DUKEDOL

4 Sent in wrong direction;

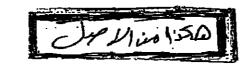
4 Sent in wrong direction, gets severe (7)
6 Suggestion made by obvious individuals (9)
7 The Greek's a character! (5)
8 Not in favour of stupid contract (8)
11 A little cottage, dark and dank and very old (4)
15 Standard volume that's outstanding (9)
17 Set against dealing so questionably (9)
18 Give voice about twit using

tionably (9)
18 Give voice about twit using a needle (8)
20 A game winger (4)
21 Charge a person taking fruit

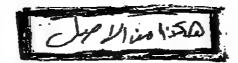
(7) Drops sound controls (6)

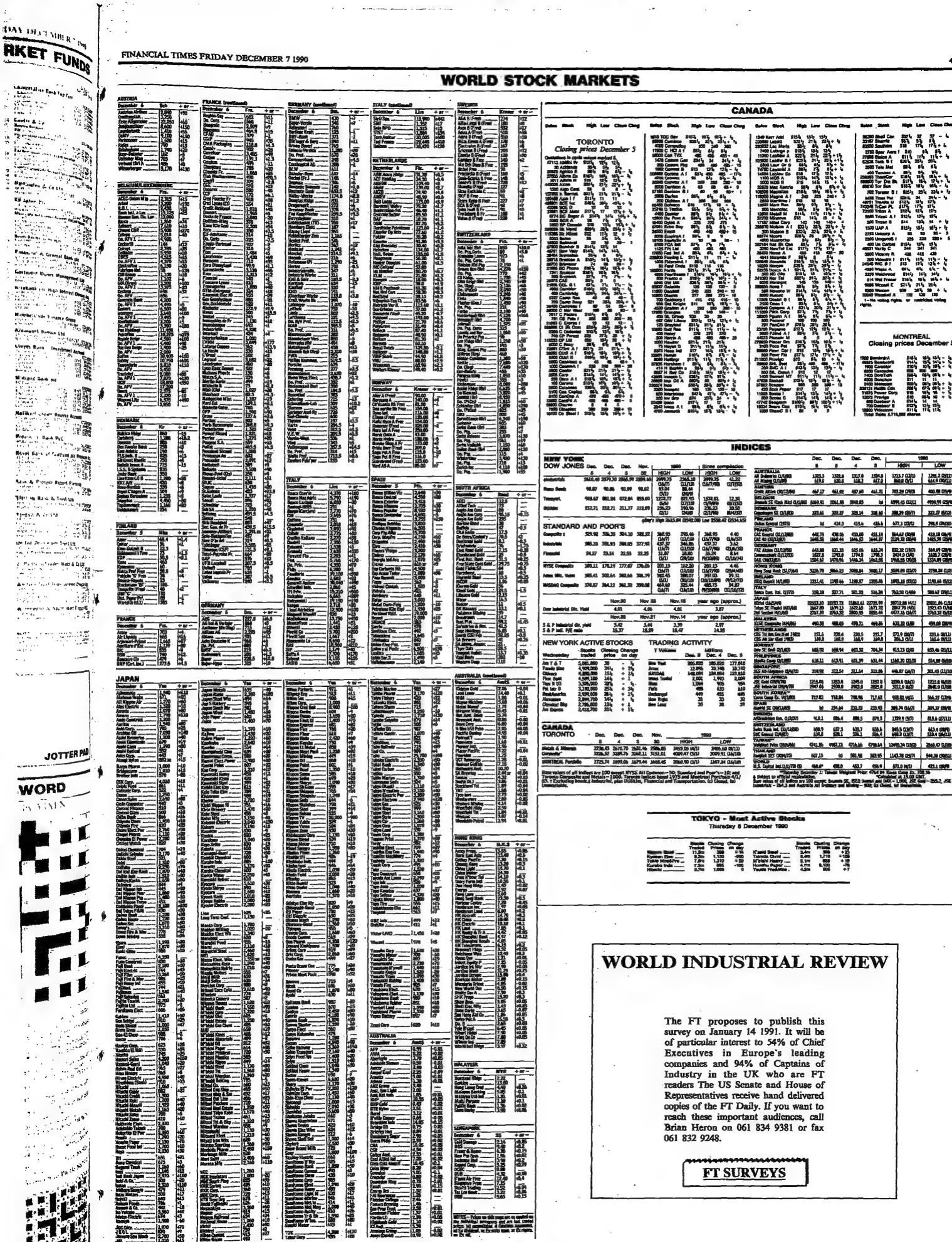
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AMERICA

Fall by IBM helps wipe out Dow's early gains

Wall Street

THE BUSIEST trading session of the year so far saw US stocks move sharply higher yesterday morning on good news from the Gulf, before a fall in IBM shares helped reverse much of the early gains, writes Patrick Harverson in New York,

At 2 pm the Dow Jones Industrial Average was down 0.99 at 2,609.41, well below the morning high of 2,643.56. Turnover was 187m shares by 1 pm, already above the average daily total of recent weeks. The Standard & Poor's 500 moved in similar fashion to the Dow, dropping from its early peak to end up 0.78 to 330.70 at 1 pm, while the American SE com-posite proved more resilient.

rising 1.59 to 307.00.

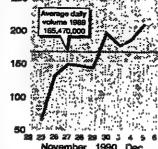
The strong round of buying at the opening stemmed from Saddam Hussein's order to release all foreign hostages by Christmas and the December 17 date set for a meeting in Washington between President George Bush and Iraqi foreign minister Mr Tariq Aziz. In the first hour of trading the amount of money spent on buying stocks exceeded the amount employed to sell stocks by \$700m.

The subsequent drop in stock values, said analysts, was due partly to a drying up in demand, rather than a large-scale sell-off, and partly to con-cern about IBM's earnings. The worries were prompted by reports that IBM finds acceptable a 1991 profits estimate

published by S.G. Warburg that is below the market con-sensus. Warburg expects earnings to be \$10.50 a share compared with the Wall Street average of \$11 a share. IBM shares fell \$2% to \$112% on turnover of more than 2m, The NCR takeover saga con-tinued. AT&T, which on Monday made a \$90 stock-for-stock offer for NCR, yesterday launched a hostile \$90-a-share

NYSE volume





cash bid for the computer group after NCR demanded a floor price of at least \$125 a share. Although the new bid had been expected by the mar-ket, NCR shares gained ground, adding \$4% to \$91% on turnover of more than 2m shares by midday. The fact that the NCR share

price moved above the \$90 offered in the bld suggests that the market believes AT&T will have to put more money on the table. Mr Charles Exley, the that the \$125 floor price was set because "it is preposterous to say there is no possible price for a deal. Obviously there is a price where we would have to say yes. AT&T stock was unchanged yesterday at \$30 on turnover of 2.3m shares. There was heavy trading for

the second day running in Toys 'R' Us, the leading toy retailer in the US. The stock had fallen earlier in the week on worries about the outlook for sales, especially during the crucial Christmas period, but sentiment appeared to have turned yesterday. Amid strong demand Toys 'R' Us moved up \$% to \$23% on volume of 2.3m

Canada

TORONTO STOCKS surged in heavy volume with broad-based strength after Saddam Hussein said he would release all foreign hostages by Christ-mas. The composite index regained 22.5 to 3,248.1 after shooting up about 30 and then surrendering most of the gains. Volume was 22.5m shares and advances led declines by 247 to Oil and gas shares were the

only losers as 13 of the TSE's 14 indices climbed higher. Canadian Pacific, Laidlaw class B. Bank of Montreal and Alcan all traded more than 900,000 shares. Magna Interna-tional, which said first-quarter earnings rose to a profit of 10 cents a share from a loss of 35.9 cents, rose 5 cents to C\$2.45.

Gulf hopes continue to spur Nikkei on to higher ground

Tokyo

THE UPTREND continued in Tokyo yesterday, helped by anticipation of a peaceful resolution in the Gulf. The drop in crude oil prices and overnight surge on Wall Street also contributed to the gain, writes

Emiko Terazono in Tokyo.

The Nikkei average opened at the day's low of 22,238.80, and reached the day's high of 22,809.13 in the afternoon. It closed up 359.38 at 22,552.10. Volume remained thin, at 330m shares, although traders noted some institutional buying in the morning. Rises led falls by unchanged. The Topix index of all listed stocks added 28.67 at 1,667.80, while in London the ISE/Nikkei 50 index advanced

47.08 to 1,334.81.
The news of direct dialogue between the US and Iraq was taken favourably by investors. Mr Masami Okuma at UBS seemed to be buying from insurers, investment funds and

some foreigners.
Interest rate-sensitive stocks
rose, undeterred by a soft bond
market and high long-term
yields, both of which failed to react to expectations that slowing Japanese growth, and US economic problems, would eventually lead to a bilsteral easing of interest rates.

Steels attracted a wide range of buyers in the morning, but lost part of their gains later on profit-taking. Kawasaki Steel added Y23 at Y399. Power utilities were also strong.

Takeda Chemical surged Y120 to Y1,710 on news it had developed an anti-cancer drug with Harvard University. Telecom companies were firm following the govern-

ment's decision to deregulate the car and mobile phone industry in 1994. Nippon Telegraph and Telephone's (NTT) announcement that it had developed the world's smallest portable phone also helped the sector. NTT gained Y5,000 to Y910,000 and Matsushita Com-

expects a 16 per cent pre-tax annual profits rise to next March, climbed Y110 to Y3,190. Speculative issues were among the day's few losers, as rumours of speculators in financial trouble continued to circulate. The 5 per cent rule. which came into effect on December 1, requiring discloabove in a company, caused a pass-the-parcel effect on speculative stockholders. Kurabo feli Y100 to Y885 on rumours that its second largest shareholder had transferred some of its

munication Industrial, which

holdings to other investors. Honshu Paper dropped Y70 to Y2,130. A Hong Kong based front company had bought the right to purchase about a third of the paper and pulp concern's outstanding shares. Doubts remain in the market about the intentions of the company. which is owned by a Singapo

rean investor. In Osaka, machineries, elec-tricals and pharmaceuticals were strong while some trading companies lost ground. The OSE average rose 339.21 to 24,342.40 on 26.9m shares.

Roundup

ONCE AGAIN, there were more buyers than sellers in most Pacific Rim markets, due to encouraging news from New York and Tokyo. HONG KONG saw more buy-

ing led by overseas institu-tions, and the Hang Seng index

added 50.56 at 3,128.79, up 162
points so far this week for its
highest finish since August 16.
Turnover, up from HK\$943m
to HK\$1.18bn, was the best figure since October 23. Banks and utilities posted the sharp-est gains, the interest in banks being attributed to traditional year-end activity because

results in the new year, SINGAPORE advanced on a broad front, the Straits Times Industrial index put on 28.74 to 1,152.96. Turnover expanded from \$\$79.5m to \$\$99.3m. TAIWAN dropped in higher

banks are the earliest to report

volume, the weighted index ending 245.26, or 4.9 per cent, DI 4.741.85 rose from T\$79.5bn to T\$10.8bn, its highest for six months. Dealers were uncom-fortable, surmising that this indicated that institutional investors and big players were liquidating their holdings.

SEOUL was similarly active but more stable, the composite index easing 1.02 to 717.82 in heavy volume of Won406bn. JAKARTA rose 9.77 to 380.97 as the Indonesian government said brokers would be allowed to set up investment funds. BANGKOK put on 25.17 to 607.15: brokers said the domestic situation had stabilised and share prices were now follow. share prices were now follow-

AUSTRALIA'S All Ordinaries index edged up 1.3 to 1.323.3 in trading dominated by Adsteam's sale of a 6', per cent stake in Westpac Banking. Westpac fell 14 cents to AS3.57.
NEW ZEALAND lost 1.7 per cent, the Barclays index closing 31.53 lower at 1.232.77.
Bank of New Zealand shed 6 cents to 44 cents as an independent report inserted an ele-

ment of doubt into a NZ\$720m

Turkish bourse shows signs of maturity

Public response to privatisations, however, has been slow, writes John Murray Brown

URKEY's infant stock exchange has been hard hit by the Gulf crisis. But the market's reaction to international events is not con-sidered to be entirely bad news "If the market responds to

outside factors it is a sign of its maturity," says Mr Suraya Sethi, Turkey representative of the International Finance Cor-poration (IFC), the World Bank affiliate which has done much to promote the Istanbul bourse. The index fell sharply to its lowest since mid-April on the United Nations Security Coun-

cil resolution last week approv-ing use of force against Iraq. Market confidence fell further on the announcement of the resignation at the start of the week of Turkey's top military officer, a significant event in a country where the military remains a potent force. The index recorded an

upwards blip on Monday after the authorities raised the daily price swing allowed for a share from 5 to 10 per cent. But the recovery was short-lived. Indeed the market's index has now fallen by 37 per cent

since a high of 5,749.69 on August 2, closing at 3,630.26 yesterday. Over the same period daily trading volume has dropped 60 per cent to about TL40bn (\$14m), although it rose to TL58bn yesterday.
Istanbul's underlying prob-lems are typical of those of many emerging markets. Stock exchange regulation is still rudimentary, there are few reporting requirements for listed companies, and analyst research is threadbare.

With only some 90 stocks quoted, brokers complain of a lack of liquidity. This problem is compounded by the presence of a lively informal market on the street outside the exchange. The authorities are considering an increase in the minimum share lot from 200 to 500 shares, to force more business on to the exchange floor. However, foreign investors are beginning to pay the mar-ket more attention. The IFC, for example, having launched the Turkey Fund which is quoted on the New York Exchange, is working on mother offshore unit trust. The government has also

Turkey Istanbul SE 50 Index 4000 3000 2000 an 1990 Dec

> been brave enough to press on been brave enough to press on with its privatisation programme, in spite of a lukewarm public response. President Turgut Ozal told a group of Turkish businessmen recently: "There is no such thing any more as selling

cheap or expensively. Sell at any price."

Last week the Public Partici-pation Fund (PPF), the govern-ment body entrusted to transfer state assets to private hands, launched a minority

stake in Turk Hava Yollari (THY), the national airline. The PPF hopes to raise TL40bn if the issue is fully subscribed. The public offering, which is open to foreign investors, is being handled through 18 Turkish banks. Mr Suleyman Yasar, vice-chairman of the PPF, said a block sale in THY. probably to a foreign buyer, was planned for next year. This optimism is not shared by the public. Earlier in Octo-ber, the PPF had the galling

experience of having to buy back about TL100bn, or one quarter, of the floated stock of Petkim, the state petrochemi-cals complex, which was only floated in the summer. This followed a plunge in the share price when Petkim bond holdtheir shares; forcing PPF, which had been acting as marketmaker, to support the price. The THY offer has been extended from last week until today, because of the slow

The attitude of private companies is equally ambivalent.
Before the Gulf crisis, some tage of the prevailing earnings multiples of more than 30 to cash in their equity, and take the capital gain they could not otherwise realise. Vestel Electronik, Polly Peck's subsidiary. raised around \$130m from its flotation earlier this year.

Banks in particular have used the market to shed some of their industrial affiliates, in a bid to meet the new capital adequacy requirements set by the Bank of international Settlements. Banks now account for a quarter of the market capitalisation of TI.70 trillion.

TL70 trillion. However, unlike in fellow emerging markets such as India, where 10 per cent is considered to be an effective controlling interest, Turkey's private companies have still to be convinced to float anything that could be considered as that could be considered as more than a minority stake. "At this moment everyone

owns his own business," says Mr Ertugrul Ergoz, investment director at Sahanci, one of the largest Turkish corporations. We're like the early US industrialists of the last century."

Recovery accelerates on Iraqi hostage move

from a belief that the dollar may have bottomed.

ZURICH had a strong after-noon, the Crédit Suisse index

THE NEWS that Iraqi President Saddam Hussein has ordered the release of all for-eign hostages before Christmas had a clear impact on bourses yesterday, taking the FT-SE Burotrack index over its 1,000 base point for the first time since its inception on October 26, writes Our Markets Staff.

26, writes Our Markets Staff.
Holding steady around 990
towards midday, the Eurotrack
seemed to be maintaining the
gentle uptrend it had seen
since its low of 948.51 on
November 27. However, the
new Gulf hopes took it to a
mid-afternoon peak of 1,008.98,
up 29 per cent, tailing off to
1,002.68 in the post-bourse as
Wall Street lost some of its
early enthusism. Madrid and
Helsinki were shut yesterday.

early enthusiam. Madrid and Helsinki were shut yesterday. FRANKFURT took the DAX index over 1,500 for the first time since September 18, closing 33.71 higher at 1,504.87; Dresdner Bank said that gains in the post-bourse indicated an overall rise of more than 4 per cent on the day.

cent on the day.
Volume responded with a rise from DM4.9bn to DM7.1bn, Siemens leading the most actives list in DM1.07bn. Blue chip price gains were led by cyclicals such as chemicals and carmakers as the reunification favourites; retailing and construction continued to fall by

rose 11.65 to 643.00.

In motors, Volkswagen gained DM14.50 to DM357.50 as the company reached agreement on wages and working conditions with the IG Metall engineering union.
The bis

big three chemicals all had above-average gains, but Schering, the pharmaceuticals and speciality chemicals group, fell DM13 to DM715. It indicated net profits 15 per cent higher this year, but said that it expected delayed European approval for its cardiovascular drug, flomedin.

PARIS gained 2 per cent, with the CAC 40 index passing the 1,700 level during the day, before closing 33.08 higher at 1,693.52. Turnover was active

SOUTH AFRICA

GOLD SHARES fell as bullion prices slumped after Iraq's Saddam Hussein ordered the release of all foreign hostages.
But industrials gained ground.
The JSE all-gold index fell 38
to 1,215 but the all-share index

with Italy's Finmeccanica group had been settled. MILAN advanced after the International, the packaging, aerospace components and aluminium group, was being lower house of the Italian par-liament approved key bourse recognised as more of a defen-sive stock, and was benefiting

vious day's FFr2.6bn. Active trading left Suez Ff18.30 higher at Ff1819 with 600,750 shares exchanged. James Capel said that the stock was unlikely to outperform in the short term. "Never-theless further that the Market Part of the theless, further out, the dis-

THE FURTHER drop in oil prices on yesterday's Gulf news was reflected in the yesterday's Guin news was reflected in the performance of the producers, and the most sensitive users of the commodity.

In the oil sector, Elf Gabon dropped FFr34 or 6.6 per cent to FFr1,341 and Elf Aquitaine lost FFr15 or 4.6 per cent to FFr314 in active trading of 511,634 shares. Royal Dutch shed F[2.10 to F] 123.80. posal of 'non-performing' assets can only benefit a share

price which would now appear to over-discount bad news."
A rerating of some cyclical stocks helped Saint-Gobain gain FFr23.90 or 6 per cent to FFr423 and Pechiney International rise FFr10.40 or 7.5 per cent to FFr149.40. Kleinwort Benson said that Pechiney

closing 14.1 or 3 per cent higher at 487.1. Banks and insurers did well, UBS and Winterthur bearers both rising SFr120, to SFr2,880 and SF12,920 respectively. Among chemicals, Clba-Geigy shot up SF190 to SF12,540 and, in engineerings, Brown Boveri bearers gained SF140 to SF14,270 on the news that all disputes

week, moved in the other direction, KLM rose F11.30 or 6.4 per cent to F121.50 and Lufthansa, not a favourite with sector analysts, by DM4.50 or 3.9 per cent to DM121. Swissalr bearers put these in the shade with a jump of SFr60, or more than 10 per cent, to SFr655. that Flat's share of the domes-tic market fell to 49.5 per cent in November from 57.2 per cent

reform legislation. The Comit index rose 10.47 to 538.18.

Auto maker Fiat gained L170 to L5,760. Industry data showed

Airlines, tipped for 1991 on fundamental grounds by UBS Phillins & Drew earlier this

one year ago. Meanwhile, for-eigners continued to advance, with Ford's share rising to 8.7 per cent from 6.7 per cent. STOCKHOLM rose for the seventh consecutive session, the Affärsvärlden General index rising 23.7 or 2.7 per cent

to 910.1. Turnover more than doubled to SKr463m from skr211m, with Ericsson free B shares, up Skr12 at Skr203, accounting for Skr103m.

At a public auction Nordbanken and Gota Bank bought 6.8m shares in Esselte, the

office supplies concern, after Mobilia, its main shareholder, went into liquidation. Esselte Be added SKr20 to SKr120.

AMSTERDAM closed higher but came off the day's peak. The CBS Tendency index imished 2.0 or 2.1 per cent up at 98.3. A belief that chemical stocks had been oversold lifted DSM F1 5.20 to F1 87.70 and Akso F14.40 to F174.90.

BRUSSELS advanced in active trading on a backlog of orders from investors who were waiting for the computer-ised trading system to resume following a fire on the exchange last Friday. FN, the armsmaker, plunged BFr139 or 70.6 per cent to BFr65 after Fri-day's accord to sell most of its

Grupo Industrial Minera México, S.A. de C.V.

through its subsidiary Mexicana de Cobre. S.A. de C.V., in association with Acec-Union Minière, S.A.

has formed

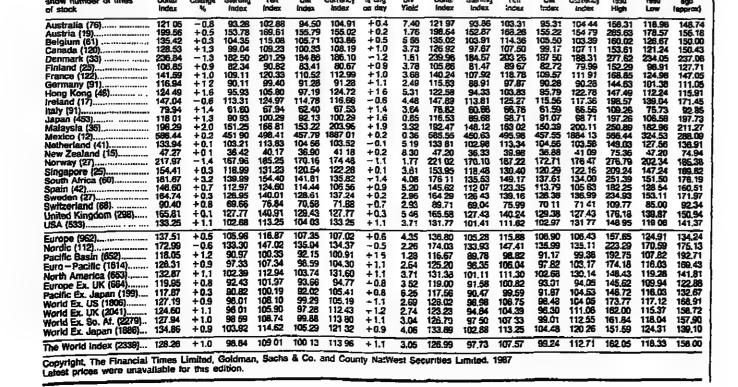
Mexicana de Cananea, S.A. de C.V.

and has acquired the assets of Compañía Minera de Cananea, S.A. de C.V.

Morgan Guaranty assisted in the negotiations und acted as financial advisor to Grupo Industrial Minera México. S.A. de C.V.

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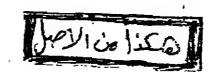


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RECRUITMENT

JOBS: Experts disagree not just on what intelligence is, but on whether any such thing exists

American scientific journal cace asked 17 of the world's top psychologists to define intelligence. In reply, it got 14 very different definitions and three evasions. That was in 1921.

Today the journal's question is of more pressing importance, because everyone seems agreed that higher-ranked jobs require greater intelligence than ever before. The trouble is that experts before. The trouble is that experts on the topic are even more divided.

They are now at loggerheads not just over what intelligence is, but as to whether any such thing exists in the way it was thought to do 69 years ago. As the doubt about its existence is somewhat technical however, I'd better try to clarify the

issue a little. issue a little.

Not even psychologists would deny that it is right to call on the idea of intelligence for the purpose of description. It clearly makes perfect sense to describe things such as an action or a group of people like Jobs-column readers as being "intelligent". But just to describe them as intelligent is to fall short of explaining what makes them so.

The reason is that, although intelligence does not need to be anything more solid than an idea to serve as a basis for description, the mere idea of it is not enough to underpin the required explanation. To do that, intelligence would have to be something which exists in the

real world — a substance or quality or whatever — and which is possessed in greater degree by Jobs-column readers, for example, than by less intelligent beings.

In the 1920s, the real-world existence of intelligence was widely excepted. accepted. Although the experts questioned by the journal defined it differently, few if any of them would have doubted that there was such a thing on earth. Indeed, most psychologists firmly believed it could be measured by tests of the "Intelligence Quotient" type.

Systematic

What IQ tests actually gauge is ability to reason with information presented through the medium of systems of symbols like languages and mathematics. And, when it comes to earning a living, much of the information people have to go on is not presented in such a systematic form. For instance, all that managers often have to inform them is other people's behaviour, rules. Any two of us may mean the same thing by different sorts of behaviour, or different things by the same sort. Nonetheless the 1920s consensus

was that ability to reason in terms was that ability to reason in terms of symbol-systems is essentially the same as "general intelligence" — a real-world quality which explains intelligent acts of all kinds. Belief in the "g" quality was strengthened by research showing the reasoning ability is linked with educational achievement, as measured by academic examinations. One result is that exam performance is viewed by employers as a reliable predictor of practical success in mentally demanding work — a view which demanding work - a view which seems unlikely to be changed by the new British prime minister's lack of academic stature.

Something that does appear to have changed, however, is the consensus among psychologists. Admittedly, since they are at loggerheads over even more issues than they were before, it is hard to find anything they generally believe in a positive way. But that does not stop them from forming a consensus in a negative direction, by generally dis-believing in certain

The missing measures of practical promise

Take for example the 22 eminent researchers into intelligence who have contributed to a book who have contributed to a book published by Cambridge University Press*. While they have many disagreements, there is one issue on which they are all of like mind. None of them believes any longer that the reasoning ability gauged by IQ-type tests is the same thing as the intelligence needed to succeed in mentally demanding work of a practical kind. As the book says: "Everyone agrees that IQ tests are measures of only limited aspects of intelligence in the everyday world...."

At which point, I suspect that enduring readers with lengthy memories will be itching to protest. They will have recalled that not once but twice recently (September

once but twice recently (September 19 and October 24) the Jobs column declared that studies had shown such tests of reasoning ability to be

practical intelligence and the sort gauged by reasoning tests.

* Practical intelligence, edited by Robert Sternberg and Richard Wag-ner, Hardback £40, paperback £13.95. one of the best predictors of success in managerial work. So how can what I said then be squared with what I'm saying today?
The best answer I know of is offered by one of the book's 22 authors: David Olson of Toronto University who believes there is a fundamental difference between

Surprises

He thinks that, in the ultimate sense, practical intelligence is the ability to cope with any challenge life presents — which could be something never even imagined before. If so, we might well have no language to describe it and would almost surely lack any established technology to deal with it. But, to be practically intelligent, we'd still

have to find some other means of responding effectively.

In Olson's view, the ability to cope with such unprecedented surprises contrasts with ability to reason in terms of symbol-systems already well enough understood for the people who mark the tests, at

least, to agree which answers are right and which wrong. Indeed, far from requiring us to find an answer outside any known language and ounside any known language and technology, the tests are couched in existing languages which are part of the established technology of communication. Moreover, the Toronto psychologist claims, it is a technology rooted in reading and writing, as distinct from hearing and speaking.

That is not to say the reasoning ability is hereft of a useful role in

ability is bereft of a useful role in practical work. To the extent that good performance in such work requires understanding of prevalent

conventions of reading and writing, the ability is essential.

Nor - since understanding of that kind is to some degree crucial in most managerial jobs - is there any conflict between Olson's view and the research findings that and the research findings that reasoning tests are one of the best tools available for predicting success as a manager. Even so, they are far enough away from being perfect predictors to make it foolish to regard high test scores, or the examination passes linked with them, as proof of executive talent.

For there is a wealth of evidence that, while ability to make accurate use of established symbol-systems may be necessary in management, it is rarely sufficient by itself for good performance. How far it is useful will surely vary with the specific executive's responsibilities. It may constitute a large part of

what is needed in bureaucratic operations, whose managers are mainly occupied in formulating and acting on written documents. But it is less important for executives who exchange information largely by hearing and speaking, especially in organisations that need to be

In those conditions, practical intelligence will take pride of place. And the reason why iQ-type tests remain one of the best predictors of success, may be just that nobody has yet developed similar gauges of the practical ability. David Olson goes farther, saying

David Olson goes farther, saying reasoning tests are still apt to be taken as measuring a "general intelligence" which in fact is non-existent. "Thus, IQ has been used to exclude people from educational opportunities from which they would benefit and from lobs they are entirely capable of handling."

Hear, hear!

Michael Dixon

BANKING FINANCE & GENERAL



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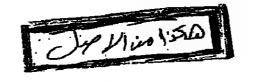
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EM ASSOCIATES LIMITED 48 Station Road Cobham, Surrey KT11 38N Bank Consultants -

Woking and Stockholm Bankers to assist customers in the implementation and effective use of the Internet system are required and must be able to offer sound experience in one or more of the following:— Accounting, Foreign Exchange, Loans and Deposits, Funds Transfer, Credit and Facilities, and Capital Markets.

Candidates must be succinct communicators with fluency in English essential for both locations. REF. C113 Trainers-Woking New posts with responsibility for providing wholesale banking expertise on comprehensive training courses to internet's customers and employees.

Extensive experience in any of the areas stated under Bank Consultants above is essential and, additionally, a background in training or education is necessary or the desire to develop in such a role is acceptable. Candidates must be effective presenters and communicators, be well organised and able to work without close supervision. REF. 71

A.C.I.B. membership is desirable for these appointments and initially, appropriate training on Internet systems posts will be provided in the European centre at Woking. When established, all appointments will entail considerable travel to service the extensive customer base throughout Europe. Visits are short term with most personnel returning home for the weekends. Candidates must be tree to travel in Europe and North America without the need for additional visas or

Compensation levels for all appointments are negotiable, depending on levels of skill and experience, while an attractive range of benefits is available. These requirements are exciting opportunities in a challenging and demanding but friendly environment.

interested? – then please telephone for an initial, exploratory discussion, if preferred, by calling John Bedford on (0483) 740770.

Alternatively, full written applications should be sent to our advising Consultants, J.E.M. Associates Limited at the address below. Please quote the above reference



Marketing Officer

U.K. CORPORATES

Our client, a major European Bank, holds a commanding position. The ideal candidate is likely to be a graduate, aged between 28 and in the London market by virtue of its strong balance sheet and investment banking product range.

As a result of continued expansion in the UK corporate market the bank now requires a marketing professional to join a newly formed team.

The bank already has established teams covering both the larger multi-pationals and smaller UK corporates. It now intends to develop further its involvement in the UK mid-market corporate sector (c. Times top 500) utilising the bank's extensive product range and AAA rating.

35, and have a minimum of five years' exposure to the UK corporate sector. Strong marketing skills and formal credit training are essential whilst knowledge of capital markets products would

This is an excellent opportunity for an ambitious young banker to gain an unusually high degree of front line responsibility in a

An attractive salary and benefits package is offered together with very real opportunities for career progression.

Interested candidates should contact Niall Mcnaughton on 071 248 3653 (076382 728 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 071 248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 071-248 3653 Fax: 071-248 2814

Specialist Energy Team Corporate Finance **Executive**

One of the leading UK investment banks, J. Henry Schrodor Wagg & Co. Limited, has a vacancy for an ambitious executive to join the growing Specialist Energy Toam within its Investment Banking Division, Responsibilities range from financial and technical analysis of national and international oil and gas companies to the generation of innovative deals for clients and prospective clients, and maintaining the close working relationships essential for effective client

The successful candidate will be a graduate, probably mid to late twenties, with expenence of financial analysis in UKCS upstream oil and gas, gained in a technical or financial role in a banking or industry environment. Candidates should also be able to work effectively as a member of a small, highly motivated seam.

The rewards package comprises a competitive salary and an attractive range of bonefits, including mortgage subsidy. Opportunities to progress within the Investment Banking Division and the Schroder Group generally are excellent

To apply, please write with a full CV to: Stephen Leigh, SMCL Oil & Gas, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 98P. Tel. 071-222 7733. Fax: 071-222 3445

器 Schroders

SPANISH SALES/TRADER

SALARY c £20,000 + BENEFITS

A well known Spanish Bank is currently seeking to strengthen its London operation and has an opportunity within its securities division for an experienced individual of 24 years or more, bilingual in Spanish and English.

The position is for an equities sales/trader with a minimum of one year's experience in the Spanish equity market. The candidate will have a good knowledge of dealing and settlement procedures in the Spanish and UK markets as well as the general registered representative qualification.

A working knowledge of other European equity markets and an understanding of trading in fixed income instruments would be an advantage. Other essential qualities include energy, enthusiasm, the ability to work well under pressure and good communication skills.

> Please apply to Box A317, Financial Times, One Southwark Bridge, London SEI 9HL.

Assistant Director 6 1 1

Birmingham

Corporate Finance

With the growth of our Birmingham The ability to generate new business

Candidates aged between 28–32 should knowledge of public company work. have over three years' experience with a Write enclosing your CV to Merchant Bank or Stockbroker, possess Paul Whelan, Director, good technical abilities and have a Guinness Mahon & Co. Limited, practical, common sense approach to 63 Temple Row,

office we are now looking for an opportunities and to follow through ambitious qualified accountant or transactions from start to finish is lawyer. essential, together with a thorough

corporate finance. Birmingham, B2 5LS.

GUINNESS MAHON & CO. LIMITED

European Equities Salesperson

The New York office of a leading European brokerage firm seeks an experienced equity salesperson with a strong knowledge of Continental European markets and an each seek of the strong and the book Knowledge of French and/or officeram a major white Send

German a major plus. Send resume in confidence to:

Monaco-based university seeks representative in the UK. Candidate will have mother tongue English, French helpful, university degree and have a lot of energy to visit secondary schools and universities throughout the UK to publicize our programs, interview prospective candidates, conduct correspondence between potential students and University admissions staff.

Please send CV to:

Box A320, Financial Times, One Southwark Bridge, London SE1 9HL

corporate treasury analys

Victoria £ negotiable

We now seek a talented individual for our Group Treasury which is part of the small

This challenging role will include evaluation of new financial products, developing management information systems, project anlaysis, the negotiation of debt facilities and some money market dealing.

Candidates will ideally be graduates and have experience in a Corporate Tressury department. An MBA. Accounting qualification or a diploma in Corporate rate Treasurers would be an advantage.

offered for the successful candidate and prospects for personal development in the

Please write with full C.V., or telephone for fication form to: Mark Parker, Personnel Manager, B-A-T Industries plc, Windsor House Tel 071 222 7979.

FINANCIAL CONTROLLER

key management role with major French bank

London based

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London EC3V 9BY

Salary c£45,000 + benefits

Well established in the world's financial centres, our client enjoys strong financial backing from its parent Group and a high market rating. The immediate requirement is to appoint an innovative Financial Controller to

The wide-ranging responsibilities of this senior position will include accounting, risk asset review, capital adequacy and treasury exposure, EDP, MIS and regulatory matters. Of particular importance will be the assessment and monitoring of all risks involved with financial instruments and treasury derivatives, as well as close liaison with Paris to monitor the French accounting and supervisory returns.

Candidates, probably in their thirties, will be qualified accountants with at least five years' proven experience of a central finance function, gained within a banking environment. The successful applicant will be fully conversant with all aspects of treasury operations, including the latest financial instruments. Fluency in

If you are interested in this challenging career opportunity, please send your curriculum vitae in strict confidence to Roy Webb, Managing Director, or Philip Wright, Executive Director, or telephone for an initial discussion.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

Tel: 071 895 8050 Fax: 071 626 2092

File Contraction of the 12 VE.315 o to Box A319,

BANK CREDIT ANALYSIS

First Austrian International Limited, the London subsidiary of First Austrian Bank. (DIE ERSTE österreichische Spar-Casse Bank) wish to recruit a top quality credit analyst to specialise in the banking sector.

This is a high profile role for applicants with at least 2 years credit experience. Solid analytical and PC skills will be needed. This is an excellent opportunity for a responsible and competent individual.

Remuneration, augmented by a range of benefits, is negotiable and will reflect the calibre and performance expected of the successful candidate.

Please apply, enclosing a full CV to:

FIRST AUSTRIAN INTERNATIONAL LIMITED Att: Andrea Godwin

Eldon House 2 Eldon Street London EC2M 7BX

First Austrian International Limited

A Frontline Role in I.T.

Quotron, part of the major International banking institution Citicorp, have built an excellent reputation as providers of real-time global information to the worldwide

SALES SUPPORT EXECU From £17,000 + banking benefits Central London

Following the successful launch last year of an advanced system, designed for use by Foreign Exchange dealers and now used extensively by twelve major British banks, we are seeking to strengthen our Sales Support team.

We have a number of openings for candidates with experience of Foreign Exchange or similar information systems to provide support to existing customers, including training them in all aspects of the product and to establish and develop new sales opportunities.

Ideally we seek highly motivated, professional individuals, probably aged early twenties, who have a good working knowledge of the Foreign Exchange trading market and at least two years experience in a related sales support role. This is a frontline position, often our first point of contact with clients, excellent written and verbal communication skills are therefore essential. European languages would

be an advantage. As well as a very competitive salary and a range of banking benefits, these positions provide an excellent opportunity for progression within this dynamic group.

To apply, please write enclosing a cv or alternatively telephone for more information to: Julie Franklin, Personnel Officer, Quotron, 5 Roundwood Avenue, Stockley Park, Uxbridge, Middlesex UB11 1AX. Tel: 081-569 1111.

Employee Benefit Consultants

£30K - £55K + car + benefits

We are a fast growing innovative Employee Benefits and Actuaria Consultancy. We seek additional consultants to manage and develop client relationships at senior levels in major corporations.

Self motivation, good interpersonal and communication skills and the ability to work to strict deadlines are prerequisites.

Investment Consultant

You will work with clients to develop our Investment consultancy activities including manager selection, investment strategy and performance measurement. You will have a good knowledge of the investment market, managers and products, a marketing bias and city or consultancy experience.

Pension Consultant (possibly FIA)

Managing a portfolio of clients, you will have extensive pensions and benefit consulting experience, probably gained in a consultancy

Please send & comprehensive CV to: The Personnel Director (refJMR), Reeves Brown Associates Ltd., Howard House, 10 Albert Embankment, London





Operations Manager

to oversee its Operations Group which consists of the Current and Savings Account; Balance & Internal Control (Teller Rec.); Proof (RDP) and Central Information (CCI) departments

Duties & Responsibilities: Under the direction of the Senior ger, Retail Banking, the successful applicant will be responsible for planning, organizing, communicating and controlling the activities of the Operations Group: consulting, advising and coordinating their routine with the Retail Project Team Management; the development and modification of current methods and procedures to improve the efficiency of

Qualifications: A university degree in Business, Commerce or ed discipline. Formal training in the U.K. or North American banking practices. A minimum of 10 years experience in management of Banking Operations, with strong user business sense and understanding of computer systems and automation technology. Excellent interpersonal skills with ability to deal effectively with and through people.

We offer a comprehensive benefits package as well as a progressive salary for this position.

Qualified applicants should contact: Mr Greg Melnyk, Manager, nel Administration before the closing date: 21 December

The Bank of N.T. Butterfield & Son Ltd. Personnel Department, P.O. Box HM 195, Hamilton HM AX,

CHIEF DEALER

A major international Bank from the Far East invites applications for the key position of Chief Dealer of the Bank's treasury operations. The successful candidate will lead the treasury operations of the London branch while complimenting the dealing activities of the Bank's Head Office and other overseas

For this demanding position, the candidate will be expected to work independently within the established policies and guidelines of the Bank and to keep abreast of market developments and trends. The candidate should have been a Chief Dealer with an established financial institution for at least eight years with a proven track record of handling the entire spectrum of treasury operations. The candidate should be familiar with the operations of an international branch of a major overseas Bank.

A university degree or other professional qualifications are desirable. For this senior position, maturity in thinking, a good sense of udgement and strong analytical skills are essential attributes.

Interested applicants should forward a detailed curriculum vitae including salary details and quoting reference LDN/CD to:

General Manager, Write to Box A314, Financial Times, One Southwark Bridge, London, SE1 9HL Applications will close on 12th December 1990

UK or EUROPEAN EQUITIES

At Home or Abroad

Several of our key clients have focused plans for their London, Paris and Frankfurt offices and now wish to strengthen or further develop certain parts of their UK or European business.

We invite approaches from high calibre country or sector analysts and salesmen with proven track records and the desire to play a successful role in building market share.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence. Please contact William Dickins on Europe and Emma Weir on the UK at 20 Coustin Lane, London, EC4R 3TA. Telephone: 071-236 7307. Fax: 071-489 1130.



1992 M&A

Expanding international M&A advisory firm with offices in ten countries globally is seeking one entrepreneurial M&A professional with substantial transaction experience to join its London office. Firm is a leader in middle-market, cross-border M&A. Please send resume in confidence to us to obtain further information: Write Box A276 Financial Times, One Southwark Bridge London SE1 9HL.

SEARCH A BELECTION SPECIALISTS IN SECURITIES A INVESTMENTS

EUROPEAN EOUITY SALES

Our client, a leading Securities House, has two vacancies on their Enropean sales desk. They are Members of the European Exchanges with first class research capabilities to support their sales team.

The successful candidates will have in-depth knowledge and experience of the European markets with a strong European institutional client base in either the DM or Southern European areas. The ability to work within an expanding team is essential angether with a fluency in the relevant European language. Salaries are highly competitive with market rates and all responses will be treated in the strictest confidence. Please contact Nick

EQUITY TRADER

We have been retained by a committed International House who would like to engage a European Equity Trader with special emphasis on the German market. The individual will have a proven track record coupled with a mature outlook. This is a start-up situation which will require the ability to create new ideas within Equity linked products. The individual will run a proprietary book supporting the existing sales team. Contact Oliver Wells or Nick Hudson

EUROBOND SALES

An International Investment Bank has identified an opportunity for an experienced professional with a proven track record of sales to Germany. Austria and German speaking Swiss clients. With the support of a strong product base, this is an excellent opportunity for a top salesperson with a high-profile client base. You will currently be with a major name, but will feel that you can make a more positive contribution within a house which has demonstrated a growing long-term commitment to multi-currency fixed-income sales. Contact Oliver Wells or Andrew Bartlett.

EUROBOND TRADERS

We have two vacancies with an International house who wish to enhance their successful non market making trading activities. One is for an individual with strong experience of Canadia S, Australian S and New Zealand S denominated products. The other is for French Franc, Lire, Pesets and Scandinavian currencies. In both instances, the required person will be able to demonstrate a creative, mature attitude and will have a full understanding of the area with a profitable history. Contact Oliver Wells,

MECHELANGELO RECRUITMENT 36-38 Whitefriars Street London EC4Y 8BH Tel: 071 936 2857 Fax: 071 583 6531

Senior Insurance Adviser Professional & financial risks

c£21k + bonus + benefits

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NatWest Insurance Services, already one of the largest ilsurance brokers in the country, also provides an internal service to the Group on all insurance matters. A new position has been created to assist senior Divisional management in the specialist area of the Bank's professional insurance requirements. Reporting to the Head of Division, the Senior Adviser will play a key role in maintaining adequate and up-to-date cover for the variety of professional liabilities that arise. These may include risks attached to financing/leasing arrangements, Directors' and Officers' legal liabilities and professional liabilities associated with large corporate bodies.

Candidates must have sound experience of all the above areas, gained in a similar role with a major financial institution or City broker. A knowledge of the changing legal framework created by the Single Market would be particularly useful.

Salary is negotiable around £21k plus bonus and a substantial benefits package, including relocation assistance where appropriate. Success in this important new role will lead to first class career

Please write with full career details to Alan Forrest, Strategic People Recruitment, Pepys House, 48 Station Road, Chertsey, Surrey KT16 8BE.

University of Bradford

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TWO LECTURESHIPS (Rolling Connects; minimum period 3 years)

- nd policy insecute: (Reft DPPCSE).
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experience and computing skills will be valuable stributes in both cases, and appointed will teach in the Centre's postgradusts and post experience nes in Bradford, as well as contributing to the other work of the centre.

A £12,086 - £16,755 p.e. or Lesterer B £17,455 - £22,311 p.e.

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OIL TRADING COMPANY LONDON-BASED

Seeks experienced Oil Trader for the development of its business in Eastern European countries.

We are looking for a person with several vears' work experience in Eastern Europe in a decision-taking capacity in the trading of crude oil and oil product cargoes, of oil futures and other oil trading instruments (options, EFP, spreads etc.) at the New York and London exchanges. He/she will develop business relations with oil producing, refining and marketing entities in Eastern European countries and will be responsible for implementing company policy in that particular area.

Fluency in English and Russian is essential. A good knowledge of another Eastern European language is a definite advantage. Age limit 45.

We offer a remuneration commensurate with this position with additional incentives in line with standard industry

Please write with CV to Box No A313 Financial Times, One Southwark Bridge, London SE1 9HL

Interest Rate Options Paris £Excellent

Our client is a dynamic and rapidly growing French Primary Dealer with a strong presence in local traded markets. They are now seeking an interest rate specialist to trade options on the "Notionnel" and, eventually, the Bund future. The ideal candidate will be currently running a successful interest rate options book and have experience of the above contracts.

> Call David Scott-Ralphs on 071-623 1266

No. 1 New Street, (off Hishopsgate), London EC2M 41F Tel:071-823 1266, Fam071-626 5259

Jonathan Wren Executive

Swaps Trader c£60,000 + bonus + benefits

A prestigious City merchant bank is expanding Its trading activities and, accordingly, wishes to recruit a specialist interest rate and currency swaps trader to structure, hedge and trade its books. The role will require a combination of technical and trading skills, and the energy to contribute to the development of the department. Ideal candidates will be mid 20s to early 30s, with a successful swaps trading background.

Call Ron Bradley on 071-623 1266

Jouathan Wren & Co. Ltd., Recruitment Consultants No. 1 New Street, (off Hishopsiate), London EC2M 4TP Tel:071-623 1286, Fax:071-626 5259

Jonathan Wren Executive

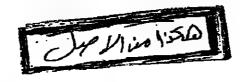
SPOT DEALER

C. £30,000 + BENEFITS

A leading European Bank requires a dealer to trade spot DMK and some EMS crosses. The appointee should be c.25 and have at least 2 year's experience.

Please apply in writing together with C.V. to:

Treasury Manager Box H7781 Financial Times, One Southwark Bridge, London SE1 9HL



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RADERS

EASTBOURNE BOROUGH

TREASURER

£34,700 - £37,000 + car Eastbourne is a major tourist, conference and entertainment

centre attractively located on the South Downs near Beachy

A Borough Treasurer is now required as the Council's Chief Financial Officer, who has the management stature to make a real impact on the performance and development of a department of over 100 and who can maximise our investment in the latest technology.

You will make a major contribution to policies, advise the council, committees and colleagues alike on the financial consequences of different courses of action and on the development of management information.

You will be a qualified accountant with at least 10 years' experience in the public sector or industry at a senior level and be strong on team building, motivation, and the use of management information systems.

Benefits include an attractive relocation package.

Please telephone Eastbourne (0323) 410000 Ext. 5005 for details and an application form to be returned to the Chief Personnel Officer, Eastbourne Borough Council, Town Hall, Grove Road, Eastbourne, BN21 4UG.

ACCOUNTANCY COLUMN

Bankruptcies raise questions over auditors Austin Mitchell criticises the profession for putting profit before independence

failures, closures and bankruptcies mount, it is time to question the value of audited financial statements. Polly Peck, British & Commonwealth, Ferranti, Eagle Trust, Coloroll and others raise questions about annual accounts

and the quality of audits. Auditors are meant to be "watch-dogs" and independent of the management whose accounts they audit. They are supposed to avoid conflicts of interest, and an uncomprehending

public trusts the myths. In spite of the legal fiction, auditors are hired and fired by the directors -

are hired and fired by the directors—
the people they are supposed to be
independent of. The directors go
"opinion shopping" and decide which
firms shall be approached.
Directors' salaries are increasingly
linked to profits and performance.
Naturally, they do not approach firms
which are likely to frown on their
accounting methods and the exaltation of their own benefits.
The firms do not want to be seen as
opposing any novel accounting meth-

opposing any novel accounting methods. To do so increases the risk of not attracting a client. If they do take a stand, there is no statutory regulator independent of the accountancy profession, no firm body of principles to

back them.

Auditing is a multi-billion pound business. The accountancy firms will accommodate any practice as long as it results in more money flowing to their coffers. The companies can do anything put brands in the balance sheet; leave goodwill unamortised; depreciate buildings only as and when desired; take your pick on accounting for financial instruments and swaps, practice split-depreciation. Anything

will do. Creative accounting rules the day. It is even marked by the auditing firms "true and fair". Practically any-

thing goes, in business as in love.
With a suitable firm selected, the directors ask the shareholders to rubber-stamp their decision. Shareholders are kept in the dark. No information about the tenders the firms have submitted are given. Under the Companies Acts on sudifice is sun.

have submitted are given. Under the Companies Acts, an auditor is supposed to report to the shareholders. Yet they are not even told of the terms of the auditors' contract.

I have asked the government to make sure that such information is given to the shareholders, either by having the appropriate letters and contracts read out at the annual meeting, or by making them available for inspection or filed at Companies House. Government is indifferent to such accountability.

The shareholders are told nothing about about the strengths or weak-

about about the strengths or weak nesses of a company's system of inter-nal controls. They should be given a statutory right to be informed. Indeed, it should be forced on them so that suditing firms can check each other and compate to heighten awareness.

Auditing needs reforming.
In the last 10 years, we have had 10 trade and industry secretaries, and Companies Acts in 1980, 1981, 1985 and 1989. None has done much about auditing. With local authorities, the government argued that they should not be allowed to appoint auditors. They apparently have a vested interest in selecting sympa-thetic auditors. Hence the the Audit Commission appoints auditors for

If that principle of auditor appointment by an independent agency is accepted for local authorities, should we not consider similar mechanisms for hig public companies? At least that will make auditors independent of directors. In our society, we can all hire lawyers to argue our case, but not judges and juries. Yet when direc-tors hire and fire auditors, auditors become "poodles" rather than "watch-

We need an independent regulator based on statute, laying down standards

Auditor independence is also com-promised by the non-auditing services provided by the accounting firms. In the US, the Securities and Exchange Commission (SEC) bans auditors from performing certain services for their dit clients. In this country, the firms are free to recruit company offi-cers on behalf of their clients, write up the company records, and then audit them. We are asked to assume that the exita revenue exerts no pres-sure on the compromises which auditors make. There has been no government interest in curtailing the provision of non-auditing services. The same auditors go on auditine

the same businesses for years, leading to over-cosy relationships. Conflicts of interest develop. Yet when the opportunity came to discuss these issues in the Companies Act in 1989, neither the DTI nor the profession wanted anything disturbed. We in the Labour Party supported the principle of rota-tion and the curtailment of non-auditing services to audit clients, Self-inter-

est and inertia won the day.

Partners and senior staff of auditing firms can end up becoming offi-cials of their client companies. Their work is audited by their one-time juniors. How objective are such audits? Would the audit staff really be sceptical about the explanations offered by their one-time senior? Surveys published in the research

journals of the Institute of Charters Accountants in England and Wales have shown that bankers and analysis feel that auditor independence is compromised. No effort has been

made to deal with such issues. Government leaves auditor independence to the accountancy profes-sion. Yet this is a trade association concerned with promoting the interests of hig firms. Professional rules on ndependence are formulated by faceless men usually representing the big firms. No one is elected to these committees. Ordinary accountants, far less members of the public, cannot attend their meetings or see their minutes. The independence rules are said to be for the benefit of the public. No member of the public has been committed.

The profession received a dressing-

down from Edmund Dell, the then trade secretary, in the mid 1970s, in response to the the scandals mearthed by the last big crash after the Barber bubble. As a result, the profession formulated rules on independence. Yet it made no effort to

monitor compliance.
Under the ethical rules auditors are not supposed to hold any shares in client companies. How can we verify this? Auditors are not supposed to place undue reliance on one client for

their income. How can we check this? Neither the profession nor the DTi have come up with any ideas on informing the public. A government which zealously went after the trade unions shows no desire to coper up and demonstrate the

desire to open up and democratise the accountancy profession.

To restore confidence in financial reporting and auditing practices we need an overarching independent and open regulatory system. We have 24 different authorities regulating the financial services industry, some operating on a shoestring and a

Now the government is adding to this chaos by allowing the accoun-tancy bodies to act as quasi-regulators under the provisions of the last Com-

This hardly provides the framework for making auditors accountable to the wider public. We need an independent regulator based on statute, laying down standards and giving backbone to the accountancy profession.

Austin Mitchell is Labour MP for

ACCOUNTANCY APPOINTMENTS

KESTON, KENT

£30,000 + BENEFITS

Seismograph Service, a geophysical exploration company with head offices on a pleasant country estate near Bromley, has an enviable reputation as a leader and innovator in the global search for oil, gas and

the Lik and internationally are excu Reporting to the Manager - Financial Accounting and supervising two Assistants your responsibilities will include: the production of statutory and consolidated accounts; branch accounts for overseas operations; and the accounting and provision for corporate and personnel tax in the UK and overseas. You will play a key role in the implementation of a new accounting package and in the development of PC spreadsheet applications using Latus software. You will also ilaise with the Management Accountant in the production

minerals. The UK company forms part of the Raytheon:

group, a major US multinational and career prospects ...

Aged in your mid-twenties, you will have qualified as a Chartered Accountant with a leading professional firm. You will also have acquired one or two years' post-qualification experience. preferably including some exposure to tax issues. . Your approach will be assertive and confident and interpersonal skills, a high degree of initiative, together with flexibility and resilience.

Please send full personal and career details. including daytime telephone number, in confidence to Christopher Evans, Coopers & Lybrand Delotte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference CE/772 on both envelope and letter.

Financial Controller

 Our client is a successful, young investment management company with a strong institutional and private client base. Recently acquired by an overseas bank, the company now has the financial ability to initiate a number of strategic expansion conomunities.

A Financial Controller is sought to play a key role in the critical change processes occurring within the company. Reporting to the Executive Committee, the Financial Controller will not only have responsibility for all matters financial but also will need to develop the department's effectiveness by formalising the budgetary process, improving the quality of management "information," instigating 'regular reporting to the parent programme.

= Candidates will be young qualified accountants who regard

Central London

themselves as "doers" rather than "delegators" and are iamiliat ,with computerised accounting systems. They will be working within a small/medium size company environment either within commerce or the profession. Experience of the fund management sector would be ideal but is not essential.

Please reply, in confidence, quoting reference number CA287, giving career and personal details to Carrie Andrews at Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.

II ERNST & YOUNG

FINANCIAL CONTROLLER

Surrey

of management information.

The forthcoming year will be an exciting and challenging one for our client, the British arm of a leading international chemical and pharmaceutical group. In order to streamline their operations here and build upon their prominent position in a competitive growth sector, they will be restructuring their business during 1991 and converting their pharmaceutical division into an autonomous operating company.

The appointment of a Financial Controller is central to this strategy. Reporting to the Board, the successful candidate will play a key role in creating a new finance function, drawing together existing staff and systems and introducing change where necessary. The aim is to build an efficient, motivated team and to establish the management reporting and controls needed to support a research based, marketing-driven business.

To £40,000 + Car

Budgeting, cash flow forecasting, price regulation and project appraisal will also be important.

Candidates should be qualified accountants of graduate calibre, probably in the 30-35 age range. A pharmaceutical background is not necessary, but sound technical and managerial experience gained in a sophisticated, fast moving, marketing environment is important. Drive, leadership and resilience are all essential personal qualities for this role and if you have the initiative and self assurance to make things happen there will be genuine opportunities for career progression.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L554.

Reor Executive Selection 58 St. James's Street Landon SW1A 1LD (071-629 8070) **EGOR** EXECUTIVE SELECTION

United Kingdom - Belglum - Denmark - France - Germany - Italy - Netherlands - Portugal - Spain - Sweden

GROUP FINANCIAL EXECUTIVE c£30,000 + Expensed Car + Benefits

One of Britain's largest high street success stories of the eightles and continuing through the nineties as a key PLC Group. A successful individual ideally trained with one of the big '8' and possessing good academic qualifications with strong commercial outlook is sought

to join an ever progressive team within this lively Group Finance Division. The Role

 Interpretation and review of subsidiary performance.

Forecasting and long term planning

Preparation of information for external

presentations including interim

professional advisors.

Liaison with external auditors and

 Familiar with micro computer and spreadsheet packages.

The Qualifications

Analytical, adaptable, flexible and a

with one of the big '8'.

good sense of humour.

Lively & Persuasive, 25-27 years old, Chartered Accountant, ideally trained

Conscientious and committed.

For a confidential discussion please contact Jeff Dean

& SELECTION

on 071-867 8899 (fax 071-867 8095), or write to him at

Rathbone UK Ltd., South Quay Plaza II, 183 Marsh Wall, London E14 9FU



CENTRAL BIRMINGHAM

TO £31,150

ACCOUNTANTS - ECONOMIC ADVISER

The privatisation of public sector utilities, has led to exciting and demanding opportunities. None more so than in the Water industry, and in particular OFWAT, the Office of Water Services, a non-ministerial government department which acts as the economic regulation body of the water industry. There are vacancies for Accountants and an Economic Adviser within the Charges Control Division, which is responsible for the collection and analysis of financial information leading to adjustment of price limits for the water and sewerage companies. This process incorporates the fostering of comparative competition, policy, efficiency studies, tariff structures, charging, monitoring and constant appraisal.

ACCOUNTANTS

(REFERENCE: 110/F1)

Two fully qualified accountants are required, one of whom will be responsible for comparative competition and the other will undertake regulatory accounts. At least 3 years post

ECONOMIC ADVISER

(REFERENCE: 110/F2)
A 1st or 2nd class hons degree in Economics will be backed-up by at least 5 years post qualification experience.

All of these posts which are initially on contracts up to 3 years, with possible extension to 5 years, involve extensive use of spreadsheer-based financial modelling packages. Experience of Louis 1-2-3 would be an advantage. In addition to well developed analytical skills, the ability to communicate complex ideas to laymen and specialists and to work accurately to demanding schedules, will be complemented by proven presentation skills. You may feel that currently your management ability is restricted. These posts will provide ample opportunity for your skills to be developed and exercised to the full.

Assistance with relocation may be available.

Assistance with relocation may be available.

Please submit in confidence a comprehensive CV or telephone for a Personal History Form to:
Benzies Wyn-Jones, 15 Bridgegate, Retford, Nottinghamshire DN22 6AE.

Telephone: (0777) 710777. Fax: (0777) 710778, qoting Reference Number.

EXECUTIVE SEARCH AND SELECTION

FINANCIAL DIRECTOR

£30 - 35,000 + Car + Benefits

This position is based in the Home Counties and has responsibility for all financial aspects of a £20m tumover, manufacturing and contracting company within a well-established UK quoted group.

- The prime requirements are:
- Chartered Accountant * Pro-active incisive and thoroughly competent
- Experienced in project contracting and manufacturing activities
- Excellent interpersonal skills Experience in computer systems
- To apply, please send your CV (quoting ref YS 769) to Austin Knight Consulting, Knightway House, 20 Soho Square, London WIA IDS, listing any companies to whom you do not want your details sent.

A Geneva based international group with interests in banking, shipping, oil/refining and major resorts and hotels is seeking a

CHIEF FINANCIAL OFFICER

for its "Oil & Refining" Division. The candidate must have a proven track record, be a qualified accountant or equivalent qualifications, must have heavy experience in negotiating credit facilities for trade finance, good recent exposure to modern treasury techniques and instruments, and capable of coordinating a smooth transition from a division of a private group into a publicly held corporation with the personality to continue as the chief financial officer in that environment.

Good industry experience, technical and communicative skills are therefore also assential. This position will be based in Geneva and the right candidate can expect an attractive compensation and benefits package.

If you are interested, please submit a handwritten application together with your detailed curriculum vitae to Cipher.. G18-118678. PUBLICITAS, 1211 Geneva 3, Switzerland

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VICE PRESIDENT AND CONTROLLER

Cable Television • Growth Opportunity c£50,000 + car + benefits

parent company.

Surrey

Our client, the UK division of a leading US cable television company, is rapidly expanding be key to the success of the role, as will the its cable television franchises in the UK. Significant investment is planned over the next five years to capitalise on the industry's major growth potential and the exciting opportunities that have opened up in the telecommunications business.

The appointee will assume responsibility for the management and development of the financial control function, and in particular, for the formulation of accounting policies and computerised systems compatible with an expanding operation. The ability to

manage and motivate the accounts team will forging of strong relationships with the US

Candidates will be graduate chartered accountants, with a sound knowledge of US GAAP reporting. In addition to proven technical ability, candidates should be confident and self-sufficient, with excellent people management skills and an energetic, proactive approach.

Please write, in confidence, enclosing full CV and current salary details, to Bernadette Laffey, quoting reference U3220/2.

KPMG Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

FINANCE DIRECTOR

Pharmaceuticals

India

Our client is the Indian affiliate of one of the world's largest and most prestigious pharmaceutical companies. The Indian company has been established for many years, is highly successful and extremely well regarded, with sales in excess of Rs 8000 lakhs, a large fieldforce and impressive production and R & D facilities.

Reporting to the Managing Director, the person appointed will be responsible for finance, administration, human resources and information technology.

We are looking for an Indian national who is a qualified accountant with extensive finance and administration management experience at a senior level within an international business environment. This important position will appeal to those earning in excess of £40,000 in the UK, who would be attracted to the possibility of working in India in a top management role.

Salary and benefits are excellent, and success in this appointment will lead to opportunities for further career development, either within or outside India.

If you have the qualifications to match this demanding role, please send a CV to John F. Fulford, Euromedica Ltd., 5 Raleigh House, Admiral's Way, Waterside, London E14 9SN. Tel: 071-538 5164. Fax: 071-538 8362.



Executive Search in Health Care BRUSSELS CAMBRIDGE LONDON PARIS WIESBADEN

Financial Director

Rural Norfolk £35,000 + Executive Car + Relocation

Our client is a £28 million subsidiary of a £1.6 billion turnover Danish Group which has a programme of expansion throughout the 90s. An opportunity has now arisen for a finance professional to become involved in this acquisitive

Reporting to the Managing Director, you will have full financial responsibility, managing 12 Accounts and DP staff. One of the factors that makes this role both interesting and challenging is that you will be expected to contribute to many different aspects of

A strong personality and excellent communication skills are essential criteria

for success in an environment where you will be working closely both with management and production staff. You must be a qualified, practical and business minded Accountant, probably aged in your mid 30s, who has the business acumen to make a substantial contribution to the organisation's future success.

In return, our client offers an executive car, free family BUPA, and relocation to a particularly attractive area of Norfolk.

To apply, please write with full curriculum vitae to Richard Andrews at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.

Michael Page Finance International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Br

LONDON

and growing business.

PACKAGE UP TO £40,000

Coopers & Lybrand Delotte is the UK's largest provider of financial and business advisory services, with 700 Pariners, more than 12,000 staff and fee Income in excess of £600 million.

We are now searching for a senior Credit Control professional to join the management team in our internal finance group. Your pro-active role will involve raising the visibility of the function by reviewing and enhancing systems and formulating firm-wide policies and procedures, with the overall goal of maximising debt collection. Heading a small team, you will also provide a first-class, comprehensive advisory service to partners and senior managers.

Probably aged 30-40, ideally a member of a professional body and likely to be currently earning in excess of £30,000, you will have a highly successful track record backed by excellent technical knowledge. Your assertiveness will be balanced by o

diplomatic approach, and well-developed interpersonal and communication skills are further prerequisites. Experience gained in a service-oriented organisation would also be useful.

This is an important new appointment for an exceptional candidate, reflected in the highly competitive remuneration package we are offering. Benefits will include a company car, contributory pension scheme, five weeks' haliday and private medical insurance.

For further details, your first step is to forward your personal and career details to Mrs Rita Comfield, Personnel Manager, Coopers & Lybrand Deloitte, Shelley House, 3 Noble Street, London EC2V 7DQ.

> Solutions for Business

Challenging senior finance appointment with rapidly developing major industrial company

National Power PLC is Britain's largest generator of electricity and is one of the most exciting prospects in British Industry today. As one of the successors to the Nationalised Electricity Industry, National Power is facing a challenging future adapting to the new competitive market in electricity supply.

With privatisation planned to take place in February 1991 our new and dynamic finance team is now largely in place and is led by individuals from the UK's top blue chip PLCs. One further appointment reporting to the Director of Financial Control has yet to be made, offering an outstanding salary and benefits package and extensive opportunities for long-term career development.

Financial services manager - Harrogate, Yorks cE40,000 + car + substantial bonus opportunity

Based in the Company's administrative headquarters in Harrogate, you will be responsible for the management and co-ordination of the financial activities associated with the control of over £7 billion of income and payments for National associated with the control of over E7 billion of income and payments for National Power. Heading up a large and established department consisting of 4 managers and 120 staff, covering the areas of accounts payable and receivable, payroll, pensions and expenses, a major aspect of the role will be to identify and establish key accounting and operational controls and procedures needed to ensure the effective and efficient running of the department during a period of significant change. Above all you will be expected to develop and maintain a motivated and well trained staff capable of meeting the increasing demands of this expanding well trained staff capable of meeting the increasing demands of this expanding

For this high-profile role, we are seeking an ambitious and self-motivated Finance Manager with at least 5-10 years post-qualification experience as a Chief Accountant or in a similar role in a medium-sized or larger organisation, with proven experience of managing a complex computerised accounting function. You will be able to demonstrate a high level of technical ability, as well as possessing the personal maturity and authority to manage and motivate a large team with wide

For further information and a confidential discussion, please contact Neil Wext on 071-387 5400 (out of hours on 0923 819298) or write to him at FINANCIAL, SELECTION SERVICES, Drayton House, Gordon Street, London WC1H QAN, Fax: 071-388 0857, quoting Ref. 10298

As an Equal Opportunity Employer, National Power welcomes applications from men and women including ethnic minorities and the disabled.



National Power

Financial Controller

Humberside

c£35,000 + Bonus + Car + Benefits

Our client is a \$40 million turnover subsidiary of a \$1.5 billion turnover division of a renowned US Corporation involved in the manufacture and distribution of fast-moving consumer products for world markets. With manufacturing activities in both France and the UK, the company markets hobby and DIY products on a latest technology will ensure continued expansion.

They now seek to appoint a high calibre finance profess to join a progressive management team in driving the business to achieve its full potential. The individual will assume responsibility for the finance and associated functions of the business, with initial emphasis being placed on the improv

of management information systems and controls. Candidates will be graduate Chartered Accountants, aged

30-35, who can demonstrate a track record of achievement to date along with commercial experience in a fast-moving environment. A high degree of rechnical competence, well developed leadership and communication skills, self motivation, and a strong personal presence are pre-requisites for success in the role. Future prospects for the right individual are considered outstanding.

ted applicants should contact James J. Russell, quoting Ref: L8545, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeda LS1 2PX. Tel: (0532) 450212.

Michael Page Finance

London Bristol Windsor St Albens Less

Recently Qualified? to £30,000

Highly prestigious US Investment Bank requires a young, energetic CIMA Qualified Accountant for a challenging greenfield situation. This is an exciting role requiring the successful candidate to initially spend some time in New York before taking full responsibility in London for budgets and project work, particularly in relation to the bank's new premises. Candidates should have 1-2 years experience in the property or construction industry and be seeking a stimulating role which offers great scope for development in this very professional environment.

Swaps Accountant to £35,000

Top International Bank is seeking to appoint a high calibre ACA with extensive swaps accounting experience. Reporting to the Finance Director you will be responsible for all management accounting, development of systems and liaison with traders and senior management. You will possess in-depth Capital Markets product knowledge including swaps, futures and options, experience of financial engineering and a knowledge of trading strategy. This is a challenging role in a busy.

In addition to the ACA/CIMA qualification, the successful candidates will possess excellent track records to date, a high level of motivation and commitment together with the proven analytical and communication skills which these high profile roles will demand. A comprehensive range of banking benefits will be offered including subsidised mortgage, private health insurance and non contributory pension scheme.

For further information please telephone or send your CV to Valerie Grassham, Josim Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel 071 588 7287. Fax 071 382 9417.

c £40.000

Shorthold

Accounting Supervisor Take Charge of Joint Ventures

Oil Company

This London based oil company has substantial production revenue, is involved in several significant developments as operator and co-venturer and is an active 12th round participant. It plans to invest \$400 million in the UKCS over the next 5 years and now needs a top calibre accountant to be responsible for its non-operated activity.

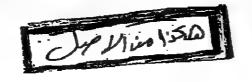
Supervising a small team, you will enjoy both a high profile and wide workscope which includes the financial control of the company's interests in two major North Sea developments. The accounting system has recently been streamlined and you will have the chance to enhance procedures further.

A professionally qualified accountant, probably aged 25-35, you have good joint venture accounting experience, ideally North Sea related. You are computer literate and probably have worked for both an operator and non-operator. A familiarity with US accounting principles would also be

The remuneration package is particularly competitive and includes a quality car and attractive share scheme.

Please telephone or write with CV in complete confidence to: Sue Jagger, Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.

Simpson Crowden CONSULTANTS



£34,000 + Car

FINANCE MANAGER

West Midlands

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The water industry is changing rapidly. There is a new emphasis on environmental issues, capital expenditure programmes and price conscious customer service. Our client is addressing these challenges with enthusiasm. Serving an area of 600 square miles and over 1½ million customers, it has already been recognised as an innovative market leader amongst the 29 water supply companies.

Prestigious contracts at home and abroad, the opening of a major nitrate removal plant and investment in the latest research technology all testify to the company's progressive approach, as do its teambuilding programmes, sponsored MBA courses and positive attitudes to the creation of a high calibre management team. calibre management team.

As part of this process, the existing Finance Manager has been promoted to become Company Secretary and his successor is now being sought. Heading up the Finance function, the successful candidate will manage 24 staff and be responsible for efficient and timely management and financial reporting. The brief will also be to bring the best out

of the finance team, adapt the department to meet the needs of the new regulatory bodies, and create a climate of cost consciousness and accountability through close rapport with managers of other disciplines. Capital restructuring, corporate finance and relationships with the City will also play an important part.

Candidates aged 27-35 should be graduate, qualified accountants. They should be achievers with a record of success in progressive large companies. A commercial mind, the ability to learn quickly and well developed leadership skills are more important than previous water industry experience. For individuals with ambition, self confidence and drive this role will provide real challenges and wide scope for career progression.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L555.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (071-629 8070)

EGOR

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

PRODUCTION ACCOUNTANT

Leeds

For a talented recently qualified accountant, this is an outstanding opportunity to join a world leader in a major

Our client is the UK subsidiary of a prestigious international pharmaceutical group. It has a well deserved reputation for product quality, based at least partly on substantial investment in technologically advanced production techniques. After a period of sustained growth, the company is now rectangled in the formation of the company is now rectangled. is now restructuring its finance function to accommodate its latest market strategies. It now therefore wishes to appoint a high calibre Production Accountant to play a frontline role in

The Production Accountant will report functionally to the Financial Controller at HQ, but will be the senior accountant on site, working very closely with the Factory Director. Supported by two staff, the successful candidate will be responsible for the provision of sophisticated management information for use in the commercial decision making process. This will include factory budgeting, variance

c£25,000 + Caranalysis, improved costing and stock systems and a range of ad hoc projects and analyses for the Board.

Candidates for this high profile role should be qualified accountants with ambition, commercial acumen and a practical approach. You are likely to be in your mid/late 20s with previous experience of working in a fast moving production environment. You should be familiar with the use of PCs and happy to "roll up your sleeves" when necessary. Personal credibility both on the shop floor and at Board level is essential, as is the maturity to manage others and to be aware of broader commercial implications.

This is a demanding role in an exciting environment. It will offer valuable experience, a negotiable remuneration package and a springboard for rapid career development. Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L556.

Egor Executive Selection

58 St. James's Street London SW1A 1LD (071-629 8070)

commercial outlook.

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

Financial Analyst

Thames Valley / Oxfordshire

Aged 27-32

Minimum 30k + Bonus + F/E car + Relocation

division of a major multinational is to restructure and expand its current finance team. Reporting directly to the Financial Controller and indirectly

Responding effectively to sustained growth, this property

to the Regional Managing Director, you will provide both strategic and commercial input into the growth and overall performance of the division.

Responsibilities will cover the preparation, critical review and control of Regional Business Plans, Annual Operating Plans, Forecasts and Monthly Performance. Duties include the financial evaluation of Capital Investment and Capital Disposal programmes and also extensive liaison with financial accounting in the preparation of regional accounts.

Representing the finance function on the Regional Board, the successful individual will have considerable presence, exceptional communication skills and a mature,

The ability to influence and effect both senior and middle management through sound business advice, is essential to the development of the division.

A graduate accountant, with at least three years post qualification experience in a fast moving and challenging environment, you will be able to provide commitment, drive and excellence in this key position.

Interested applications should call Edward Akerman on 071-353 1244, or alternatively, write, enclosing detailed CV, to him at the address below.

ASA International Ltd, Ludgate House, 107-111 Fleet Street, London EC4A 2AB

ASA International

Director of Finance

c£40K

Sheffield

Sheffield City Polytechnic is the second-largest Polytechnic in the UK, with 16,000 students and a current annual expenditure the improvement and expansion of existing facilities. of over £50M. Recently designated an Independent Higher With a degree and a relevant accounting qualification, Education Corporation, it is entering a dramatic period of

cultural change and expansion. In order to maintain and develop the financial infrastructure for growth, there is an immediate requirement for a Director of Finance to join the senior management team of the Polytechnic.

Reporting to the Principal, the individual appointed will introduce a more commercial approach to the management of the Polytechnic's affairs. Key immediate tasks will include a thorough review

of existing accounting practices and MIS, and the

ST. JAMES associates

financial management of an approved £70M capital project for

candidates should possess personal stature and authority, the intellectual capability to make a significant contribution to the strategic development of the Polytechnic and the desire to work in an institution which can influence decision-making on a national scale. Financial management experience could have been gained from either the public or the private sectors.

An attractive base salary, negotiable in the region of £40,000, will be offered to the successful candidate.

> Interested applicants should write to Roger Howell, enclosing a full CV, at the

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON WIX 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820. A GKR Group Company

The Top Opportunities Page

Appears in the Financial Times every Wednesday

For further information please contact

Elizabeth Arthur 071-873 3694

Stephanie Spratt 071-873 4027

French-speaking

International Finance Director

C£55,000 + Car

This is a high visibility, branded operation, prominent in Europe, USA and the UK, with a well-prepared strategy of increasing market penetration

and improving financial performance.

The Finance Director should be used to the pace of a fast-moving consumer orientated organisation and have the commercial outlook and consumer orientated organisation and have the commercial outlook and sense of urgency to be right hand to the Divisional Chief Executive, particularly in relation to the overseas activities where good communication and an understanding of what is happening an the ground is essential. A strong professional approach is required, supported by independence of mind and the ability to set and raise standards through Country Finance Directors.

Applicants should be multicultural individuals with a recognised finance qualification (Graduate Chartered Accountants, CPAs etc.) who have successful track records within an operating company of a consumer orientated multinational or relevant exposure at a senior managerial level in a top firm. Good corporate and interpersonal skills

managerial level in a top firm. Good corporate and interpersonal skills are very important. Fluent French is essential. The position will be based in London and relocation assistance is available. Age guideline, early to

Please apply in confidence quoting Ref L463 to:

Brian H Mason Mason & Nurse Associates 1 Lancaster Place, Strand London WC2E 7EB Tel: 071-240 7805

Mason & Nurse

FINANCE DIRECTOR c £35,000 - £40,000 + Executive Car

This position has been created in a new business unit that resulted from the reorganisation of an international business Specialising in hydraulics for the civil and military aerospace industry, this new operation

will involve the integration of existing activities into a business committed to competing aggressively in the international marketplace. customer base and entering new markets. Your initial responsibilities will include formulating the business strategy in conjunction with senior colleagues and the Managing Director and then setting up and

leading your finance team. Your role will include designing and implementing a comprehensive system for the provision of financial information, advising colleagues on the financial implications of the business and providing a company secretarial service. You should be professionally qualified

and fully committed to the development of multi-disciplined teams, the principles of TQM and a 'hands-on' style of management. You

should have previous experience at managerial level of integrating financial and manufacturing systems. Previous involvement in military and commercial contracts would be an advantage. The creation of a culture of co-operation and a strong seam spirit is considered an essential element of your brief.

If you are interested in responding to this challenge and can demonstrate a successful track record in your particular field, please write with full CV, quoting Ref: S/\$12 to our Consultant Peter McMahon, at Austin Knight Consultancy, 11th Floor, Castlemead, Lower Castle Street, Bristol BS1 3AG. Alternatively telephone him on 0272 221891 (daytime) or 0452 856017 (evenings/weekends).



Director – Financial Services

Circa £30,000 + car + benefits



Suffolk Heritage Housing Association has been recently formed to receive by voluntary transfer 5,400 dwellings in a delightful part of East Anglia. Totally committed and entirely professional we will be providing a first-class service to potential and existing lenants. We are now looking for a dynamic person to complete the senior management team.

You will play a vital part in inspiring the confidence of the Association's funders and maximising financial resources to the consumer's benefit. This will include managing and monitoring complex loan structures as well as taking an active part in achieving the wider corporate objectives. Possibly a professional qualified accountant, you will need at least five years' senior management experience, preferably in a service industry environment. You will be in at the beginning so must have the ability to balance the need for day-to-day efficiency with the foresight to plan for the future, contributing to the evolution of corporate strategy. We will reward you well with an excellent salary, leased car, private health insurance and assistance with relocation where appropriate.

For an informal discussion and to apply please telephone the Secretary, Jonathan Sullivan, on (03943) 2741. Closing date is 20th December 1990.

ECROSFIELD Group Treasurer

Hemel Hempstead

c£40,000 + Benefits equipment manufacturer. Leasing expendency and exposure to European financial institutions will be advantageous.

Crosheld Electronics Ltd is one of the leading worldwide suppliers of computer-based pre-press equipment to the rapidly growing graphic design, printing and communication industries. Owned pointly by Du Pont and Full turnover is around £240m from 26 locations in 14 currencies.

around 2240m from 20 locations in 14 currencies.

Reporting to the Finance Director, with one assistant, the Group Treasurer will play a leading part in the maximisation of cash generation by ensuring that effective procedures and mechanisms are in place and that a 'cash conscious' attitude exists around the Group. This newly created role is wide ranging and will have particular emphasis on transfer pricing as well as lunding responsibility for the Group's in-house leasing operation. Some European travel is envisaged. Probably aged mid thirties, candidates will be graduates with strong interpersonal skills and several years commercial treasury experience preferably gained in a substantial capital

Interested applicants should write enclosing CV and daytime telephone number, quoting Ref 474 to

The salary offered will be negotiable for the right candidate and

Whitehead Rice

MANAGEMENT SELECTION

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Finance Manager

West Midlands

Our client is a high profile subsidiary of a national retailer of substantial size.

The company has performed strongly within its market and has a substantial and growing market share, a trend that is expected to continue.

An opportunity has arisen for a qualified accountant, aged 28 to 35, who has previous experience of producing accounts within a large and complex organisation and of supervising the accompanying number of staff.

The successful candidate will be a key member of the senior management team and will be a focal point for the financial control.

c£30,000 + Car + Bonus

There will be a significant emphasis on the development of the computer systems, as well as on providing a commercial input to the decision making process.

If you have the maturity, confidence and application to realise the potential of this position, then you will be amply rewarded with a generous package including executive car, bonus and

To apply, please write enclosing a curriculum vitae and details of current remuneration, to Oliver Howl BSc ACA at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, quoting reference OH116.

Michael Page Finance

London Bristol Windsor St Albans Leat

FINANCIAL MANAGEMENT CONSULTANCY

ISM+ABM=GFMC

Not an equation as momentous as $E = MC^2$ but important nevertheless. We asked Harris Research Centre to talk to

150 Finance Directors, in companies in the Times 1000, about the information they use for the strategic management of their businesses. The results were surprising to some readers and have stimulated further demand for our Information for Strategic Management services.

Our work on ABC, where we have an exclusive association with the leading academics in the field, has broadened into Activity Based Management. Our success in this area is demonstrated by the size and quality of our lengthening client list.

The resulting Growth in Financial Management Consultancy means we need more staff. If you are a graduate accountant, ideally 28-35, with a record of success in one or two blue chip companies, you could perhaps help to solve the equation and gain LEE (sorry, Leading Edge Experience).

Please send CV and salary history to John Gerard, quoting reference FT/IG/ D90. KPMG Peat Marwick Management Consultants, PO Box 695, 8 Salisbury Square, London EC4Y 8BB.

P.S. If you would like a free copy of the Harris report 'Information for Strategic Management: A Survey of Leading Companies, 1990' please send your business card to Brian Taylor at the above address.

PMG Peat Marwick Management Consultants

Credit Services Manager

North East

Our client is a £350 million turnover organisation engaged in a variety of retail, distribution and financial services markets. Diversification and continued investment have kept the company at the forefront of its market sectors, and despite difficult trading conditions record sales and profits continue to

As a key part of the diversification process, they now seek to develop their financial services interests through the provision of credit card facilities both internally and to third parties. Reporting to the Assistant Chief Executive, the Credit Set Manager will assume responsibility for the profitable development of a £30 million turnover business com some 50 people, including the formulation and implementation of growth strategies, the strengthening of financial controls and

c£28,000 + Car + Benefits

systems, the sourcing of funds, technological developments and the introduction of new products. Candidates are likely to be Qualified Accountants who can demonstrate a track record of achievement in the development and management of a business. In addition, he/she must be able to display a high degree of commercial ability, allied with an attention to detail and the interpersonal and team leadership skills required to succeed in a demanding role. Experience within a Credit Card, Banking or Retail environment would be desirable A comprehensive benefits package, including relocation facilities where appropriate, is available.

ested applicants should contact James J. Russell, quoting Ref: L8546, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LSI 2PX. Tel: (0532) 450212.

Michael Page Finance

FINANCIAL CONTROLLER

Coventry/M6

Our client enjoys an unrivalled reputation within its specialised field of insurance. Sustained compound growth in excess of 30% per annum over the last five years demonstrates its resilience in a difficult economic climate.

An expanding business requires increasingly sophisticated financial information. The Financial Controller will facilitate systems developments and improvements which in turn will lead to more comprehensive management information. Most importantly, the Financial Controller will mastermind the relocation of the finance function from London before taking charge of a team of 25 staff. The challenges of the role therefore

to £33,000 + car + bonus

embrace project management alongside the day-to-day motivation of a diverse workforce.

Previous insurance experience is not a prerequisite, however applicants must be qualified, computer literate accountants with several years' management experience within a demanding and professional environment. Initiative and flexibility within a strong team environment will be rewarded by a high level of responsibility and visibility. Applicants should be prepared to spend an initial 4-6 months in London to become acquainted with existing systems: travel and accommodation costs will be paid. Please send a full curriculum vitae to Hilary Douglas, quoting reference D4863/F.



Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

INTERNATIONAL TREASURY ACCOUNTANT

Hertfordshire Nr M1-M25 c£28,000 + Car + Substantial Bonus

For a versatile ACCOUNTANT with specialist experience in the TREASURY function - THIS newly created appointment will provide a challenging and demanding career opportunity where self development and initiative is encouraged.

The Company is a long established International Group driven by an experienced Management Team and committed to continued, planned growth in the U.K. and overseas. The JOB will call for expert development of all TREASURY functions - reporting to the Financial Controller for International Operations. Applications are welcomed from qualified Accountants - preferred age 28-36, with previous Treasury experience, ideally gained in a Multinational organisation.

We seek SKILLS in Corporate Funding, Cash Flow control and management of Multi-currency

exposures, Interest and Credit risks. Candidates will develop close relationships with financial institutions and the Companies overseas subsidiaries. This is a high profile role, operating at all levels in a forward looking organisation able to offer real career enhancement and progression. Interested - Contact:-

ARTHUR FLITTER, Adviser to the Company

Beaumont House. STAINES, Middx. TW18 4LA 0784 462131 (24 hours)





Falkland Islands Government

FINANCIAL SECRETARY

Key Government and Community Post £42,500+Full benefits/allowance — 2 Year Contract

The Falkland Islands have experienced unprecedented change and growth over recent years. With a population of around 2.000, the Islands' community is set in uniquely beautiful surroundings, rich in

The Financial Secretary will work closely with senior Government officials to determine new policies and objectives and will therefore play a major role in defining and formulating Government plans. With overall responsibility for financial. accounting and systems policy, the individual will also act as Head of the Treasury Department, Commissioner of Currency and Income Tax and will be an ex-officio member of the Executive and Legislative Councils. Other Chairmanships and board memberships will be required.

As one of the three most senior civil servants, it is expected that the Financial Secretary will play a significant role in the community. It is therefore essential that applicants should be committed to the further development of the Islands and possess the necessary communication and inter-personal skills to facilitate change and encourage a strong team spirit. All applicants should have broad financial experience in the public sector and must hold a professional accounting qualification.

For further details, please contact Hilary Douglas, enclosing a full curriculum vitae and covering letter and quoting ref:



KPMG Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

Young Enthusiastic Accountant

£40,000 + car + benefits

Hertfordshire

Candidate:

Qualified accountant ▶ mid to late 20's/early 30's ▶ bright, young and self-motivated ▶ able, enthusiastic and determined ▶ excellent communication skills ▶ highly ambitious.

Appointment:

Client:

A newly created role as finance director designate be desire for board appointment.

A highly respected company > new experienced management

Rewards:

Unique career opportunity ▶ excellent growth potential ▶ negotiable, incentivised remuneration package > fully expensed

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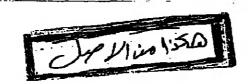
One of the largest and most prestigious City practices, our client has an enviable reputation and rapidly growing international presence. Reporting to the Director of Finance and working

closely with the firm's Tax Partners, the Head of Tax will control a small specialist department and be responsible for all aspects of taxation for the partnership and its overseas operations. This will include ad hoc tax exercises and direct contact with all

Applicants are likely to be qualified accountants who are computer literate and have extensive tax experience gained in a major firm of accountants, a similar large partnership or in commerce. This highly sensitive role requires a person with the intellect, diplomacy and communication skills to be readily accepted at the highest level.

Salary will not be a limiting factor for the right

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Central London

By the time the Scott field is

producing oil is will be the largest UK

offshore development of the 1990's and

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stretches from Cricklewood to Brixton, and

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a business which involves major financial

commitments end, by the very nature of the

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result of our growth, we have created several

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Nevertheless, Scott is only part of

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How do you account for

an oil field

that stretches from

Cricklewood to Brixton?

the success of the business as a whole.

Accountant will be to either head up the

financial function of a business unit or, to

research, propose and implement Corporate

accounting policies, guiding others in

ensuring consistency across the Company's

call for accurate and timely support to

management decision making, and close

liaison with Corporate Finance on the

Accountant, a qualified Accountant with oil

industry experience, an Accountant without

oil industry experience . . . there are many

different permutations. The real essentials

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You could be a Chartered

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your CV to Dilly Hailett, Amerada Hess

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The real reward though, is the

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Applicants should combine managerial and administrative abilty with a capacity to contribute to policy-making at board level, and evidence an interest in playing a key role in enhancing the quality of the company's service to clients and the London insurance market through information technology. They should be qualified accountants, aged 30 to 45 years, and preferably experienced in the Lloyd's market.

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need to be a newly qualified Chartered Accountant or an experienced computer auditor with a background in investment banking or securities.

Reply in strictest confidence to: Amanda Jowers on 081 877 1121 Accountancy Opportunities, 6th Floor. 73 Upper Richmond Road,

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GROUP FINANCIAL CONTROLLER

reporting requirements of the business as a generous relocation package where

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With a clear objective of maintaining its leading European position, the company now seeks a key individual to complement and strengthen its

Reporting to the Group Finance Director you will play a leading role in the control, co-ordination and integration of operations throughout the

Identified as a senior appointment, the main areas of responsibility will be the control and co-ordination of the accounts function worldwide.

To £45,000

The position will specifically involve the monitoring and provision of business data, management reporting, systems development and a substantial amount of ad hoc/project work. Group accounting, policies and procedures, liaising with the auditors and company secretarial duties will also form a major part of the role.

Seen as an outstanding opportunity for an experienced manager to join this enterprising group, successful candidates must be strong communicators, self-motivated, flexible and be able to demonstrate proven leadership qualities. Fluency in a European language would be

Interested applicants should telephone Jacques Police on 071-437 0464 or write to him, enclosing brief details at the address below.

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RECRUITMENT CONSULTANTS s House 1 Leicester Place London WC2H 7BP Telephone: 071,-437 0464 Pag: 071-437 0597

GROUP FINANCIAL CONTROLLER AND COMPANY SECRETARY

CENTRAL LONDON SALARY BASED ON A MINIMUM OF £30,000 + BENEFITS

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You will be a qualified accountant (preferably ACA) who is seeking to develop your career in a fast moving environment. Possessing a strong personality and enthusiasm, you ideally will be in your late twenties to mid thirties with some commercial experience.

To reflect the importance of the role, in addition to salary an excellent executive package is offered including a quality car. All applications will be treated in strictest confidence. Please apply in writing with full CV and

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This dynamic UK subsidiary of a major US services operation employing some 1,500 people in various Regional locations, is now consolidating its position

The Company is now seeking an experienced professional to take managerial responsibility for recording and reporting financial transactions in accordance with policy, statutory and tax requirements.

Experience as a No 2. in a medium to large organisation and a knowledge of US accounting procedures would be ideal. Scope would not be limited since the Company is looking to expand into Europe which will in turn offer the potential for greater responsibility and job opportunity.

The preferred candidate will be Chartered and probably a graduate. It is unlikely that anyone under 35 will have the necessary stature and experience for this important and growing role. In return, the successful applicant can look forward to basic salary of at least

£35k and the benefits normally associated with a major company including perfor-

Suitable applicants should in the first instance, send career details in absolute confidence to ADAM MARC at the address below quoting ref AB/3792 on the envelope. On a separate sheet, you should list any companies to whom you wouldn't want us to forward your application.

Bensons Recruitment, Amen House, 44c Church Street, Reigate RH2 OA).

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PACKAGE c £40,000

This substantial pic has a policy of continual development to enhance the profitability of its core activities and to expand into new markets. The finance function has an integral part to play in improving overall efficiency and must therefore be responsive to the changing requirements of the business.

Working closely with senior managers throughout the group, the successful candidate will have the objectives of developing financial control, preparing monthly board reports and establishing a proactive management accounting service. This post has responsibility for providing timely and accurate information to assist in improving profitability.

We are looking for a qualified accountant with well developed technical skills and experience of managing a sizeable team in a commercial organisation. Good communications skills and the ability to promote the department as a service to the business are essential.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Janice Walden, Coopers & Lybrand Delaitte Executive Resourcing Ltd, Bull Wharf, Reddilff Street, Bristol BS99 7TR quoting reference JW426 on both envelope and letter.



N. Beds

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mid/late 20's

to £30,000 plus car

Our clients are able to provide an exceptional opportunity to a young Chartered Accountant who has a sustained record of above-average achievement to date and who feels ready to assume responsibility for the financial control of a self-contained business within a major British group. Our clients are a significant part of this group and leaders in a wellestablished, leisure-oriented sector. They have recently identified opportunities for substantial growth in some new parallel markets and are now setting up a management team to exploit those opportunities. The business is, therefore, currently quite small (50 employees) but in need of financial controls and planning procedures which will be effective in an environment of burgeoning growth and profitability. Responsibility is to the Chief Executive of the business with a strong functional reporting line to the Finance Director of the parent company. The job calls for a hands-on approach and wide-ranging inter-personal skills. This is a high-profile appointment offering excellent career development opportunities in the company and the greater group.

Ref: 1719/FT. Send C.V. or write or phone for an application form to R.A. Phillips, Phillips and Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter Selection Consultants



Finance Director for a major subsidiary of

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Butterley Brick Limited, a major subsidiary of Hanson PLC based in Ripley, Derbyshire, requires an ambitious finance director to join its management team.

Reporting directly to the Managing Director, you will be responsible for all aspects of financial control, accounting and management information. In addition, the candidate will be expected to contribute extensively to the broader business issues and to the company's profit growth.

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In addition to a substantial basic salary, the remuneration package will also include bonus and share options.

Applications should be made to: The Assistant Finance Director, Hanson PLC, 1 Grosvenor Place, London SW1X 7JH.

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A qualified and highly commercial accountant, probably an ACMA, is now required to spearhead a fundamental review of accounting strategies and systems with a view to improving

To succeed in this unique appointment you will have a sound knowledge of accounting theory, extensive practical experience and the entrepreneurial flair to apply both to a radically changing

Outgoing, customer facing and assertive, the ability to communicate effectively from shop floor to board room level is mandatory. In-depth experience of systems in a service business, not necessarily the contract hire industry, must be combined with innovative and analytical skills. Executive progression opportunities within the Group are outstanding.

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Please write with full C.V., quoting ref. IOH 112 to: Executive 2000, Sutton Park House,

Financial Controller

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For someone, preferably qualified, with business flair, hands-on skills, a practical and enthusiastic approach to computing and the ability to manage change, the position represents an excellent career move with real

Please write to or telephone Brian Kemp at Executive Network Consultants Ltd., 125 High Holborn, London WC1V 6QA. Telephone 071-242 2010 (office) or 081-657 2734 (evenings/weekends). Fax: 071-430 2587.

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FINANCIAL TIMES FRIDAY DECEMBER 7 1990

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Please send career and personal details to Carrie Andrews, Ernst & Young Search and Selection, 21 Conduit Street, London WIR 9TB, quoting reference CA285.

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